

TAB 19

157450

NEW ISSUE

RATING

Standard & Poor's: AA

Interest on the Series 1982 Bonds identified below, in the opinion of Chapman and Cutler, Bond Counsel, is exempt from all present federal income taxation to the extent, upon the conditions and subject to the limitations set forth herein under the heading "Tax Exemption".

\$42,000,000
Village of Sauget
St. Clair County, Illinois

Regional Wastewater Treatment Revenue Bonds, Series 1982

Dated December 1, 1982

Due May 1, as shown below

Principal and semi-annual interest (due May 1, 1983 and thereafter each November 1 and May 1) will be payable at the principal office of Mercantile Trust Company National Association, St. Louis, Missouri, as Trustee or at the principal office of Citibank, N.A., New York, New York, as Paying Agent. The Series 1982 Bonds will be issued as coupon bonds in the denomination of \$5,000 each and may be registered as to principal only or as to both principal and interest. Coupon bonds and registered bonds are interchangeable.

The Series 1982 Bonds are subject to redemption, prior to maturity, beginning May 1, 1993 as more fully described herein.

The Series 1982 Bonds are payable solely from the Pledged Revenues derived from the operation of the Regional System of the Village of Sauget and certain moneys on deposit in the Accounts of the Sewerage Fund, under the 1982 Bond Ordinance, subject to the prior lien of certain previously issued and outstanding indebtedness of said Village, all as more fully described herein.

The Series 1982 Bonds do not constitute a debt of the Village, the State of Illinois or any political subdivision thereof within the meaning of any constitutional or statutory limitation. Neither the credit nor the taxing power of the Village is or, under any circumstances, shall be pledged as security for the payment therefor.

AMOUNTS, MATURITIES, INTEREST RATES AND PRICES

Principal Amount	Maturity (May 1)	Interest Rate	Price	Principal Amount	Maturity (May 1)	Interest Rate	Price
\$ 200,000	1986	7.25%	100.00%	\$1,375,000	1990	8.75%	100.00%
660,000	1987	7.75	100.00	1,680,000	1991	9.00	100.00
870,000	1988	8.00	100.00	2,010,000	1992	9.25	100.00
1,110,000	1989	8.50	100.00				

\$34,095,000 10½% Term Bonds due May 1, 2000—Price: 99.50%
(Accrued Interest to be added)

The Series 1982 Bonds are offered when, as and if issued and subject to the unqualified approving opinion as to legality of Chapman and Cutler, Bond Counsel. In addition, Chapman and Cutler has passed upon certain legal matters for the Underwriter. The Series 1982 Bonds will be delivered on or about December 30, 1982, in the form of a single registered bond for each maturity, including the Term Bonds, in the name of the Depository Trust Company of New York, New York, which will hold the Series 1982 Bonds for the owners in book entry form. The Series 1982 Bonds in definitive form will be available for delivery in New York, New York, on or about January 31, 1983.

nuveen
John Nuvveen & Co. Incorporated

VILLAGE OF SAUGET
St. Clair County, Illinois
2897 Falling Springs Road
Sauget, Illinois 62206 (618/337-7060)

President (Mayor)—Paul Sauget

Trustee—Carl L. Batson
Trustee—Billy Bethea
Trustee—Joe Hawkins, Jr.

Trustee—Rodger A. Lane
Trustee—Maurice McDaniel
Trustee—Carroll Thomas

Village Clerk—Betty Long Wilson
Village Treasurer—Homer C. Adele
Village Attorney—Harold G. Baker, Jr.
Village Project Manager—John R. Zelle
Special Consultant—Midwest Securities Co.

SAUGET SANITARY DEVELOPMENT & RESEARCH ASSOCIATION

Officer and Director

Affiliation

Jack W. Molloy, Chairman	Monsanto Company
Ralph O. Wigger, Vice-Chairman	AMAX Zinc Company, Inc.
Paul Tandler, Secretary	Cerro Copper Products Co.
Steven D. Smith, Treasurer	Monsanto Company

Director

Earl R. Billen, Director	Monsanto Company
Samuel McWilliams, Director	Edwin Cooper, Inc.
Robert C. Reinhardt, Director	Midwest Rubber Reclaiming Company
Paul Sauget, Director	Village of Sauget
Warren L. Smull, Director	Monsanto Company
Louis W. Sprandel, Director	Monsanto Company

Project Engineer

Russell & Axon, Engineers—Planners—Architects, Inc.
St. Louis, Missouri

Bond Counsel

Chapman and Cutler
Chicago, Illinois

Feasibility Study Consultant

Duff and Phelps, Inc.
Chicago, Illinois

No dealer, broker, salesman or other person has been authorized by the Village of Sauget, Illinois, to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Village of Sauget, Illinois. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Village of Sauget, Illinois, and by other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the Village of Sauget, Illinois, since the date of delivery of the securities described herein to the initial purchaser thereof.

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SUMMARY STATEMENT

**Subject in all respects to the more complete
information contained in the Official Statement**

The Village

The Village of Sauget is located in southwestern Illinois immediately across the Mississippi River from St. Louis, Missouri. Presently, the Village has a population of approximately 205 residents and encompasses an area of approximately 3.5 square miles. Also located within the corporate limits of the Village are five large industrial complexes employing an estimated 3,000 workers.

Purpose of Issue

The Series 1982 Bonds are being issued to finance a portion of the local share of costs related to planning, designing and constructing a regional wastewater collection and treatment facility. The total cost of this Regional System is estimated to equal \$92,464,294. In connection with this project, USEPA and other Federal and state grants amounting to \$65,754,600 have been received or awarded; an additional \$1,024,300 of grants will be applied for subsequently.

System

The Village sewerage collection system serves all industrial wastewater producers within the limits of the Village. Wastewater treatment facilities consist of a 24 million gallon per day (peak capacity) physical/chemical plant constructed in 1967 and upgraded in the mid-1970s.

Association

The technical expertise and supervision needed to ensure that the sewerage system of the Village is properly and efficiently operated is provided, under a long-term contract, by the Sauget Sanitary Development & Research Association (a non-profit corporation). The management of this Association resides in a ten-member board of directors consisting of individuals affiliated with the five largest industrial wastewater producers located in the Village and a representative of the Village.

Regional System

The Regional System will provide wastewater collection and treatment for the Village of Sauget, the City of East St. Louis, the Village of Cahokia and the areas served by the Commonfields of Cahokia Public Water District which include the City of Centerville, the Village of Alorton and certain unincorporated areas of Centerville Township. The population of this regional service area was 90,768 in 1980.

The Regional System will consist, in general, of a 27 million gallon per day secondary treatment plant (peak hourly flow is 52 million gallons per day), necessary pump stations and force mains and an outfall sewer to the Mississippi River.

The Village has received bids relating to all major elements of the construction of the Regional System. Construction contracts will be awarded immediately upon the issuance of the Series 1982 Bonds. Construction is scheduled to be completed during or before December, 1985.

Security and Source of Payment

The Series 1982 Bonds are limited obligations of the Village and are secured by a pledge of, and are payable solely from, the Pledged Revenues derived from the operation of the Regional System, subject and subordinate to the prior lien on such Revenues securing the outstanding Series 1974 Bonds of the Village.

The Pledged Revenues derived by the Village from the operation of the Regional System will be received primarily from (i) contractual payments to be received under the 1982 Treatment Agreement and (ii) payments to be received pursuant to the Regional Agreement.

1982 Treatment Agreement

The Village has executed the 1982 Treatment Agreement with Monsanto Company, Pfizer Inc., Edwin Cooper, Inc. and Cerro Copper Products Co. Under the terms of the 1982 Treatment Agreement, each of these Companies guarantees to discharge to the Regional System a specified minimum annual flow of wastewater during each Fiscal Year and to pay the

(Summary Statement continued on page 5)

charges for wastewater treatment services provided by the Regional System based on these minimum annual amounts or upon the actual wastewater flow discharge to the Regional System, whichever is greater.

Each of the Companies is unconditionally obligated to pay its charges specified under the 1982 Treatment Agreement (i) without set-off or counterclaim, (ii) whether or not it continues to be a user of the Regional System, (iii) whether or not the Village actually acquires, constructs or completes the Regional System or is actually accepting wastewater for treatment, and (iv) irrespective of any claim or charge it may have against the Village, the Association, any of the other Companies or any other user of the Regional System.

Each of the Companies will deliver to the Village, at the time of issuance of the Series 1982 Bonds, an Indemnity Bond for the purpose of securing certain payments which each of such Companies is unconditionally obligated to pay under the 1982 Treatment Agreement solely for the purpose of providing for the payment of the principal of and interest and redemption premium on the Series 1982 Bonds.

Advance billings for the purpose of funding certain operating reserves are required to commence December 1, 1984. Payments for the principal of and interest on the Series 1982 Bonds and for services to be provided by the Regional System are required to commence December 1, 1985, whether or not the Regional System is completed, operating or operable.

The Regional Agreement

The Village has executed a separate Regional Agreement with the following Illinois local government units: the City of East St. Louis, the Village of Cahokia and the Commonfields of Cahokia Public Water District, all of which are located in St. Clair County, Illinois.

The Regional Agreement provides, among other things, that the Regional System will collect, treat and dispose of all wastewater discharged by each of the Regional Municipalities, and in consideration therefor, each of said Regional Municipalities will pay the duly established charges imposed by the Village in connection therewith; provided however, that in the case of the City of East St. Louis, the Village is expressly authorized to bill directly the residential, commercial and industrial customers presently served by the East St. Louis sewage collection system.

Advance billings for the purpose of funding certain operating reserves are required to commence December 1, 1984. Payments for the principal of and interest on the Series 1982 Bonds and for services to be provided by the Regional System are required to commence December 1, 1985, whether or not the Regional System is completed, operating or operable.

Prior Lien Bonds

The outstanding Series 1974 Bonds are secured by a lien on the Net Revenues of the Regional System prior to the lien thereon securing the Series 1982 Bonds. The Village has entered into the 1974 Treatment Agreement with Monsanto Company, Cerro Corporation (this company was subsequently replaced by Cerro Copper Products Co.), Edwin Cooper, Inc., and AMAX Zinc Company, Inc., whereby these four corporate entities are jointly, severally and unconditionally obligated to make certain minimum payments throughout the term of the Series 1974 Bonds which, together with other available moneys, will be sufficient to pay the principal of and interest on the Series 1974 Bonds to the final maturity thereof.

Under the 1974 Bond Ordinance, the Village covenants that the rates charged for the use of the System will be sufficient at all times: to pay all costs of operating and maintaining the System; to provide for all principal of and interest on the Series 1974 Bonds; and to satisfy all other funds and accounts created under the 1974 Bond Ordinance.

Series 1974 Bonds—Debt Service Coverage

As shown in the annual audit reports of the Village of Sauget, the Sewerage Fund of the Village generated sufficient revenues after the payment of all costs of operating and maintaining the System, for the Fiscal Years indicated, to provide the following coverage of annual debt service requirements for the Series 1974 Bonds: 1978—1.05x, 1979—1.32x, 1980—1.12x, 1981—1.34x and 1982—1.30x.

Budgets

Not less than 60 days prior to the beginning of each Fiscal Year, the Village shall adopt a budget in accordance with the provisions of the 1982 Treatment Agreement. The first Fiscal Year for which such a budget is required shall be the Fiscal

(Summary Statement continued on page 6)

Year which begins on May 1, 1983. Each such budget shall set forth in reasonable detail, by month for such Fiscal Year, the estimated Revenues (after taking into account bad debts and delinquent charges) and the estimated Operations and Maintenance Costs of the System and the Regional System as well as all debt service and reserve requirements which must be provided for from the Revenues of the System and the Regional System. Following the end of each quarter, the Village shall review its estimates set forth in the budget for such Fiscal Year, and in the event the estimates do not substantially correspond with actual Revenues, Operations and Maintenance Costs or other requirements, the Village shall adopt and file with the Trustee an amended budget and an amended schedule of flow rates (computed in accordance with the provisions of the 1982 Treatment Agreement) for the remainder of such Fiscal Year. The Village also may at any time adopt in accordance with the provisions of the 1982 Treatment Agreement and file with the Trustee an amended budget and an amended schedule of flow rates for the remainder of the then current Fiscal Year.

Economic and Financial Feasibility Report

Duff and Phelps, Inc., Chicago, Illinois has been retained by the Village to report on the economic and financial feasibility of the proposed Regional System. The Executive Summary for this report as well as certain projections pertaining to the utilization, the cost of operation, and the revenue requirements of the Regional System are included in this Official Statement.

In the Executive Summary, the feasibility consultant states that "... Commencing with the start of operations in December 1985, estimates indicate Saugat will have moneys available for debt service and fund accounts as required by the 1982 Bond Ordinance. Subsequent years of operation through 1990 likewise indicate that maintenance of earnings will be adequate to pay operating and maintenance expenses, debt service requirements and fill the necessary fund accounts with maintenance of the rate covenant requirement of 1.25 times annual debt service coverage. ..."

Rate Covenant

In the ordinance authorizing the 1982 Bonds, the Village covenants that the rates for the services of the Regional System will be established (and revised as necessary) so as at all times to generate sufficient revenues, after payment of all costs of operating and maintaining the Regional System, to provide at least 1.25 times coverage of annual debt service requirements of the Series 1982 Bonds.

Parity Bonds

The Village covenants not to issue any subsequent bonds or other indebtedness which are secured by a lien on the Revenues of the Regional System, superior to the lien thereon securing the Series 1982 Bonds, provided however, the 1974 Bond Ordinance specifically stipulates that additional series of bonds may be issued on a parity with the outstanding Series 1974 Bonds solely for the purpose of preventing a default in the payment of such Series 1974 Bonds and the interest thereon.

Additional bonds can be issued on a parity with the Series 1982 Bonds provided that, among other things: (i) the Net Revenues of the Regional System (adjusted as prescribed in the 1982 Bond Ordinance to reflect increased rates and charges) equal at least 1.10 times the maximum annual debt service for the Series 1982 Bonds and all bonds payable on a parity with the Series 1982 Bonds from the Revenues of the Regional System and (ii) written consent from each of the Companies not then in default under the terms of the 1982 Treatment Agreement to the issuance of such Parity Bonds.

The 1982 Bond Ordinance also provides for the issuance, before December 1, 1985, of Completion Bonds in an amount not to exceed \$2 million.

OFFICIAL STATEMENT
\$42,000,000
Village of Sauget
St. Clair County, Illinois
Regional Wastewater Treatment Revenue Bonds, Series 1982

December 30, 1982

INTRODUCTORY STATEMENT

This Official Statement, including the Summary Statement and appendices, is provided to set forth certain information concerning the offering of \$42,000,000 in aggregate principal amount of Regional Wastewater Treatment Revenue Bonds, Series 1982 (the "Series 1982 Bonds") by the Village of Sauget, St. Clair County, Illinois (the "Village"). The Series 1982 Bonds will be issued in accordance with the terms of a bond ordinance (the "1982 Bond Ordinance") adopted by the Village on December 27, 1982. Pursuant to the 1982 Bond Ordinance, Mercantile Trust Company National Association, St. Louis Missouri, has been designated the trustee (the "Trustee") for the Series 1982 Bonds.

The issuance of the Series 1982 Bonds by the Village is authorized by the provisions of Division 141 of Article 11 of the Illinois Municipal Code and pursuant to the home rule powers of the Village provided under Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois. The Village will apply the proceeds from the sale of the Series 1982 Bonds, together with certain other available funds, for the purpose of financing the local share of the cost of designing and constructing a regional wastewater collection system and secondary treatment facility (the "Regional System"), all as more fully described herein.

The Village presently owns and operates a sewage collection system and physical/chemical wastewater treatment plant which serves domestic and industrial customers located within the corporate limits of the Village (the "System"). The System is currently operated and managed by the Sauget Sanitary Development & Research Association, a Delaware not-for-profit corporation (the "Association"), pursuant to a long-term agreement with the Village.

The Village has been designated the "lead agency" by the United States Environmental Protection Agency (the "USEPA") to undertake construction of the Regional System which will constitute a part of the Village's existing System. The Regional System has been designed to provide wastewater treatment on a regional basis for all domestic, commercial and industrial sewer customers connected to the sewage collection systems operated by the City of East St. Louis, Illinois, the Village of Cahokia, Illinois and the Commonfields of Cahokia Public Water District, Illinois. It is currently expected that the Regional System will also serve presently unsewered areas of the City of Centreville, Illinois and the Village of Alorton, Illinois, as soon as said municipalities complete construction of a sewerage collection system in these areas. Although certain funds from the proceeds of the Series 1982 Bonds will be expended for repairs to the "Cahokia Trunk Line" (see "ESTIMATED SOURCES AND USES OF FUNDS"), such facilities do not constitute a part of the Regional System.

As the "lead agency" for the Regional System project, the Village has been awarded grants from the USEPA totaling \$63,629,900 for the purpose of planning, designing and constructing this facility. These grant moneys, together with additional grants totaling \$3,149,000 and the local share of Regional System project costs to be provided from the sale of Series 1982 Bonds (and certain investment income earned thereon), will be applied to pay the total costs related to the Regional System which are calculated to be \$92,464,294.

The Village currently has outstanding \$5,775,000 Pollution Control Revenue Bonds (Sauget Sewerage Project) Series 1974, dated May 1, 1974 (the "Series 1974 Bonds") which were issued to finance certain improvements to the System. The debt service of the Series 1974 Bonds is secured by payments due under long-term contracts with certain corporations located in the Village and the Village covenants, in the ordinance authorizing the issuance of the Series 1974 Bonds, that the rates charged for the use and services of the System will be sufficient, at all times: to pay all costs of operating and maintaining said System; to provide for all maturing principal of and interest on the Series 1974 Bonds; and to satisfy all other requirements of the funds and accounts created in connection therewith.

The Regional System will be operated by the Village as a separate division of the System. To provide for all costs of operating and maintaining the Regional System and to secure the payment of all debt service and reserve requirements for the Series 1982 Bonds, the Village has entered into a long-term contract (the "1982 Treatment Agreement") with Monsanto Company, Edwin Cooper, Inc., Pfizer Inc. and Cerro Copper Products Co. (the "Companies") and has also entered into a long-term contract (the "Regional Agreement") with the City of East St. Louis, the Village of Cahokia and the Commonfields of Cahokia Public Water District (the "Regional Municipalities") for wastewater collection and treatment services to be provided by the Regional System.

The Village has covenanted in the 1982 Bond Ordinance authorizing the Series 1982 Bonds to establish, maintain and collect rates and charges which shall be sufficient at all times to pay for the operation of the System (including the Regional System) and to pay all debt service requirements and reserve fund requirements, as the same shall become due, on the Series 1974 Bonds and the Series 1982 Bonds. Upon the final payment, or prior redemption of the Series 1974 Bonds and the discharge of the 1974 Bond Ordinance, the Series 1982 Bonds shall have a first lien on the Net Revenues of the Regional System.

The payments specified to be made by the Companies under the 1982 Treatment Agreement are required to be sufficient, in the aggregate, together with all other Revenues derived by the Village from the operation of the System, to provide for all Operations and Maintenance Costs thereof and to pay, when due, all principal of, interest on and reserve and other requirements related to the Series 1982 Bonds.

Each of the Companies will deliver to the Village, at the time of issuance of the Series 1982 Bonds, an indemnity bond (the "Indemnity Bonds") for the purpose of securing certain payments which each of such Companies is unconditionally obligated to pay under said 1982 Treatment Agreement solely for the purpose of providing for the payment of the principal of and interest and redemption premium on the Series 1982 Bonds (see "1982 TREATMENT AGREEMENT—Indemnity Bonds").

The Series 1982 Bonds do not constitute a debt of the Village, the State of Illinois or any political subdivision thereof within the meaning of any constitutional or statutory limitation. Neither the credit nor the taxing power of the Village is or, under any circumstances, shall be pledged as security for the payment therefor.

The summaries of, and references to, all documents, statutes, reports and other instruments referred to herein do not purport to be complete and are qualified in their entirety by reference to each such document, statute, ordinance, report or instrument.

Terms not defined herein shall have the meanings as set forth in the 1982 Treatment Agreement or in the 1982 Bond Ordinance.

PURPOSE OF THE SERIES 1982 BONDS

The total of all expenses related to the planning, designing and engineering of the Regional System as well as land acquisition costs and construction costs related thereto are estimated to aggregate \$92,464,294. For the purpose of providing for a portion of these costs, the Village has been awarded grants from the USEPA totaling \$63,629,900. In addition, grants from other government agencies in the amount of \$2,124,700 have been awarded in connection with the Regional System and a grant totaling \$1,024,300 will be applied for. The local share of the cost of the Regional System (\$25,685,394) will be provided by the Village from the proceeds of the Series 1982 Bonds and earnings from the investment of such proceeds during the period of construction.

The proceeds from the sale of the Series 1982 Bonds will be applied by the Village to fund the local share of costs associated with the design, construction and acquisition of the Regional System; to establish a "1982 Debt Service Reserve Account" in amount equal to the initial Reserve Requirement (the debt service on the Series 1982 Bonds for the Fiscal Year ended April 30, 1986); to pay interest on the Series 1982 Bonds for a period of 36 months; to fund certain working capital requirements of the completed Regional System; and to pay all costs incident to the issuance of the Series 1982 Bonds including the cost of the premium for each of the Indemnity Bonds.

APPLICATION OF THE SERIES 1982 BOND PROCEEDS

The expected disposition of the proceeds from the sale of the Series 1982 Bonds is summarized in the following tabulation:

Construction Fund Deposit and Reimbursement for Certain Costs	
Paid by the Village (1)	\$19,894.994
Refunding of Village of Sauget Sewage Treatment Bonds Dated	
December 1, 1977 (2)	1,043,000
Operations and Maintenance Reserve (3)	657,000
Debt Service Reserve Account Deposit (4)	4,467,013
Funded Interest During Construction (5)	12,801,038
Indemnity Bond Premiums	1,179,500
Discount to Purchasers	170,475
Underwriter's Discount (6)	986,980
Issuance Expenses	800,000
	<u>\$42,000,000</u>

- (1) This amount, together with interest (estimated at 9.2%) to be earned from the investment of available Series 1982 Bond proceeds is estimated to be sufficient to pay the local share of the costs of designing, constructing and acquiring the Regional System. The Village has received construction bids covering all major elements of the Regional System. Construction contracts will be awarded immediately upon the issuance of the Series 1982 Bonds.
- (2) The amount required to refund certain bonds of the Village issued to finance various costs incurred in connection with the planning, designing and engineering of the Regional System.
- (3) Such amount to be held in the Construction Fund until completion of construction of the Regional System and available for the payment of construction contingencies. An amount equal to \$5,812,500 is required to be accumulated prior to December 1, 1985 and thereafter maintained in the Operations and Maintenance Reserve Account.
- (4) The initial deposit to the Debt Service Reserve Account.
- (5) An amount equal to 36 months' interest on the Series 1982 Bonds.
- (6) Equal to 2.35% of the principal amount of the Series 1982 Bonds.

DESCRIPTION OF THE SERIES 1982 BONDS

Principal Amount, Date and Maturities

The Series 1982 Bonds will be issued in the principal amount of \$42,000,000. The Series 1982 Bonds will be dated December 1, 1982 and bear interest from that date payable on May 1, 1983, and semi-annually thereafter on each November 1 and May 1. The Series 1982 Bonds will mature on the dates and in the principal amounts shown below:

<u>Maturity (May 1)</u>	<u>Principal Amount</u>	<u>Maturity (May 1)</u>	<u>Principal Amount</u>
1986.....	\$ 200,000	1990.....	\$ 1,375,000
1987.....	660,000	1991.....	1,680,000
1988.....	870,000	1992.....	2,010,000
1989.....	1,110,000		
\$34,095,000 Term Bonds due May 1, 2000			

Optional Redemption

The Series 1982 Term Bonds maturing on May 1, 2000, are subject to redemption, by lot, prior to maturity, at the option of the Village, on any interest payment date on and after May 1, 1993, at the following redemption prices (expressed as a percentage of principal amount) plus accrued interest to the date of redemption as follows:

<u>Redemption Dates (inclusive)</u>	<u>Redemption Prices</u>
May 1, 1993 through November 1, 1994.....	102%
May 1, 1995 through November 1, 1996.....	101
May 1, 1997 and thereafter.....	100

Mandatory Redemption

The Series 1982 Term Bonds maturing on May 1, 2000, are subject to mandatory redemption, prior to maturity, in part, by lot, upon the payment of the principal amount of each Bond so redeemed plus accrued interest thereon to the date of redemption in the amounts and on the dates set forth below:

<u>May 1</u>	<u>Principal Amount</u>	<u>May 1</u>	<u>Principal Amount</u>
1993.....	\$2,395,000	1997.....	\$4,395,000
1994.....	2,810,000	1998.....	5,045,000
1995.....	3,280,000	1999.....	5,775,000
1996.....	3,810,000	2000.....	6,585,000*

*Principal amount scheduled to be retired at final maturity.

Notice of Redemption

Notice of redemption of any Series 1982 Bonds shall be given by registered mail to any registered holder at the address shown on the Trustee's books and by publication in *The Bond Buyer*, published in the City of New York, New York or, in the event it ceases publication, then in a newspaper of general circulation published in the City of New York, New York, and in a newspaper of general circulation published in the City of Chicago, Illinois, which newspapers shall be devoted in part to the publication of financial information, at least thirty (30) days prior to the date fixed for redemption thereof.

All Series 1982 Bonds called for redemption will cease to bear interest from and after the date specified for redemption, provided that sufficient funds to redeem all Series 1982 Bonds called for redemption are on deposit at the place and at the time indicated in the notice of redemption.

Form, Denomination and Registration

Definitive Series 1982 Bonds will be initially issuable as Coupon Bonds, in the denomination of \$5,000 each. Any Series 1982 Coupon Bond may be registered as to principal only or exchanged for a Fully Registered Bond (registered as to both principal and interest) in the denomination of \$5,000 or integral multiple thereof, on the books of Trustee, as Bond Registrar. Coupon Bonds and Fully Registered Bonds are interchangeable as provided in the 1982 Bond Ordinance without expense to the Bondholder except for taxes or other governmental charges imposed in connection with such exchange.

Trustee and Paying Agent, Regular Record Date for the Fully Registered Bonds

The principal and the redemption price of and interest on the Series 1982 Coupon Bonds shall be payable at the principal office of the Trustee located in the City of St. Louis, Missouri, or, at the option of the Holders of the Series 1982 Coupon Bonds or of the coupons appertaining thereto, at Citibank, N.A., in the City of New York, New York, as Paying Agent. The principal and the redemption price of the Series 1982 Registered Bonds shall be payable at the principal office of the Trustee, located in the City of St. Louis, Missouri, or, at the option of the Registered Holder, at Citibank, N.A., in the City of New York, New York, as Paying Agent. The interest on the Series 1982 Registered Bonds shall be payable at the principal office of the Trustee located in the City of St. Louis, Missouri.

The Regular Record Date for the payment of the interest on the Series 1982 Fully Registered Bonds payable, and punctually paid or duly provided for, on any Interest Payment Date shall be the 15th day (whether or not a business day) of the calendar month next preceding such Interest Payment Date.

SECURITY FOR THE SERIES 1982 BONDS

Security and Source of Payment

The Series 1982 Bonds are limited obligations of the Village and are secured by a pledge of, and are payable solely from, the Pledged Revenues derived from the operation of the Regional System of the Village and certain moneys on deposit in the Accounts of the Sewerage Fund. The lien of the Series 1982 Bonds is subject and subordinate to the prior lien of the \$5,775,000 Series 1974 Bonds currently outstanding.

The debt service of the Series 1974 Bonds is secured by payments due under long-term contracts with certain corporations located in the Village and the Village covenants, in the ordinance authorizing the issuance of the Series 1974 Bonds, that the rates charged for the use and services of the System will be sufficient, at all times, to pay all costs of operating and maintaining said System; to provide for all maturing principal of and interest on the Series 1974 Bonds; and to satisfy all other requirements of the funds and accounts created in connection therewith. (see "PRIOR LIEN BONDS").

The Pledged Revenues are defined in the 1982 Bond Ordinance as the Net Revenues (after Operations and Maintenance Costs) derived from the operation of the Regional System, less any deposits or payments required under the 1974 Bond Ordinance, which will be received primarily from the following two sources:

1. Contractual payments to be received under the 1982 Treatment Agreement for wastewater treatment services to be provided by the Regional System (all payments to be received by the Village under the 1982 Treatment Agreement are to be assigned to the Trustee); and
2. Charges to be billed by the Village and to be collected by the Village pursuant to the Regional Agreement (or any similar agreement subsequently entered into by the Village)

from any unit of local government and/or all industrial, commercial and domestic users which discharge wastewater to the Regional System (all payments to be received by the Village under the Regional Agreement are to be assigned to the Trustee).

Rate Covenant

The Village shall establish and maintain at all times reasonable fees, charges and rates for the use and service of the Regional System and will provide for the collection thereof and the segregation and application of the Revenues of the Regional System sufficient at all times to pay or provide for the greater of the following:

(1) To pay the Operations and Maintenance Costs of the Regional System, to provide an adequate depreciation fund, to promptly pay principal of and interest on all bonds issued by the Village which by its terms are payable solely from said Sewerage Fund, and to make all the payments required to properly fund and maintain the accounts established and to comply with all of the covenants of the 1982 Bond Ordinance (including all debt service and other payments required to be made in connection with the outstanding Series 1974 Bonds); or

(2) To pay the Operations and Maintenance Costs, to provide the required deposits to the credit of the Operations and Maintenance Reserve Account, the Interest Account, the Principal Account and the Debt Service Reserve Account and to provide an additional amount not less than 25% of the interest and principal required to be paid during the then current Fiscal Year with respect to the Series 1982 Bonds.

Flow of Funds

According to the 1974 Bond Ordinance, all Revenues derived from the operation of the System (including Revenues of the Regional System) shall be deposited in the Sewerage Fund held by the Trustee and, until the outstanding Series 1974 Bonds are fully paid or otherwise provided for, shall first be applied to pay the Operations and Maintenance Costs of the System, to provide for the debt service and reserve requirements of the Series 1974 Bonds, and to satisfy all the other covenants contained in the 1974 Bond Ordinance, and then all remaining Revenues shall be applied pursuant to the provisions of the 1982 Bond Ordinance. The debt service of the Series 1974 Bonds is secured by payments due under long-term contracts with certain corporations located in the Village and the Village covenants, in the ordinance authorizing the issuance of the Series 1974 Bonds, that the rates charged for the use and services of the System will be sufficient, at all times, to pay all costs of operating and maintaining said System; to provide for all maturing principal of and interest on the Series 1974 Bonds; and to satisfy all other requirements of the funds and accounts created in connection therewith. Such long-term contracts further obligate said corporations to fully provide for all Operations and Maintenance Costs of the System (see "PRIOR LIEN BONDS").

The 1982 Bond Ordinance creates and establishes Accounts and Sub-Accounts of the Sewerage Fund as discussed below. Until discharge of the 1974 Bond Ordinance, the hereinafter referred to Operations and Maintenance Account (Regional System) shall be maintained as part of the Operations and Maintenance Account created by the 1974 Bond Ordinance.

Until the discharge of the 1974 Bond Ordinance, all Revenues of the Regional System are and shall be subject to the provisions of the 1974 Bond Ordinance.

On the first day of each month, the Trustee, without any further order or direction from the Village, shall credit the Accounts, in the order of priority set forth, all moneys held in the Sewerage Fund in the amounts provided as follows:

- (1) *Operations and Maintenance Account (Regional System)*: an amount sufficient, when added to the amount then to the credit of said account, to establish a credit balance in an amount no

less than the amount necessary to pay Operations and Maintenance Costs for the then current month.

All moneys in said Account shall be disbursed promptly to the Village and used to pay such Operations and Maintenance Costs.

- (2) *Operations and Maintenance Reserve Account*: an amount equal to \$429,625 during each of the months beginning December 1, 1934 and to and including November 1, 1985, thereafter an amount sufficient, when added to the amount then to the credit of said Account, to maintain a credit balance in an amount at least equal to \$5,812,500 or such greater amount as the Village, in its sole discretion, may subsequently determine.

An amount equal to \$657,000 has been budgeted for deposit in said Account at the time of completion of construction of the Regional System; until such time, such amount will be held in the Construction Fund and be available to pay construction contingencies.

Amounts in said Account shall be disbursed for Operations and Maintenance Costs of the Regional System whenever insufficient funds are available in the Operations and Maintenance Account (which Account was created pursuant to the terms of the 1974 Bond Ordinance) to make the monthly disbursement provided for therein in an amount sufficient to make such monthly disbursement;

- (3) *Interest Account*: an amount equal to one-sixth of the interest becoming due on the next interest payment date on the Series 1982 Bonds until there shall have been accumulated in the Interest Account, an amount sufficient to pay such interest.

An amount equal to 36 months' interest on the Series 1982 Bonds will be initially deposited in said Account at the time of the issuance thereof.

- (4) *Principal Account*: an amount equal to one-twelfth of the then current principal amount of Series 1982 Bonds maturing (or coming due by reason of mandatory redemption) on the next succeeding principal payment date until there shall have been accumulated in the Principal Account, an amount sufficient to pay such principal.

Amounts deposited in the Principal Account for the purpose of paying the Series 1982 Bonds coming due on the next principal payment date by reason of mandatory redemption can be applied, for the purpose of satisfying such redemption requirement, to pay Series 1982 Bonds called for redemption and/or to purchase Series 1982 Bonds in the open market or pursuant to tender offers at a price not exceeding the principal amount of such Bonds to be paid.

- (5) *Debt Service Reserve Account*: equal monthly amounts sufficient in the aggregate to replenish any deficiency within one year from the date of the withdrawal of moneys which resulted in the creation of said deficiency.

An amount equal to \$4,467,013 will be initially deposited in said Account at the time of issuance of the Series 1982 Bonds.

The Debt Service Reserve Account is to be maintained in an amount equal to the principal of and interest on the Series 1982 Bonds required to be paid into the Interest Account and Principal Account during the then current Fiscal Year. Amounts on deposit in the Debt Service Reserve Account shall be used to pay principal of and interest and applicable redemption premium on the Series 1982 Bonds at any time when there are insufficient funds available in the Interest or Principal Accounts to pay the same when due or as called for redemption.

- (6) *Renewal, Replacement and Depreciation Account*: beginning December 1, 1985, an amount of not less than \$40,000 shall be deposited until the sum of \$7,200,000 is accumulated and on deposit therein. The balance in the Renewal, Replacement and Depreciation Account shall thereafter be maintained in an amount at least equal to \$7,200,000 or such greater amount as the Village, in its sole discretion, may subsequently determine.

Moneys on deposit in the Renewal, Replacement and Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the Regional System may at all times be able to render effective and efficient service and (ii) the payment of principal of or interest and applicable redemption premium on the Series 1982 Bonds at any time when there are no other funds available for that purpose in order to prevent a default.

Moneys withdrawn from the Renewal, Replacement and Depreciation Account for the purpose of preventing a default on the Series 1982 Bonds are required to be repaid immediately to such Account.

- (7) **Surplus Account:** all moneys remaining in the Sewerage Fund after the above requirements have been satisfied.

Moneys in the Surplus Account shall first be applied to eliminate deficiencies in the prior Accounts, in the order listed. Secondly, such moneys shall be credited to the Renewal, Replacement and Depreciation Account until such Account has been funded at the maximum amount required. Thereafter, 25% of any amount remaining shall be applied to the redemption or purchase (at a price not exceeding the then applicable optional redemption price) of Series 1982 Bonds. Any moneys on deposit in the Surplus Account and not otherwise applied may be used for repairing, improving or extending the Regional System; redeeming or purchasing Series 1982 Bonds; paying subordinate lien bonds; or any other lawful purpose related to the Regional System.

Special Redemption Fund

There shall be deposited into the Special Redemption Fund all moneys, dividends, receipts or proceeds derived from the following: (1) insurance proceeds and condemnation awards; (2) certain disbursements required to be made from the Construction Fund, created in the 1982 Bond Ordinance, after completion of the construction of the Regional System; and (3) certain payments on account of "Liquidated Debt Service Charge" under the 1982 Treatment Agreement or the Indemnity Bonds furnished thereunder.

Disbursements shall be made from the Special Redemption Fund solely for the payment of principal of and interest and redemption premium on the Series 1982 Bonds. Such disbursements may be limited to certain series of the bonds which are specifically secured by contracts (including the 1982 Treatment Agreement and the Indemnity Bonds furnished thereunder), insurance policies or otherwise.

Disbursements from the Special Redemption Fund shall be made directly for principal of and interest and redemption premium on applicable series of Bonds without transfer to the Principal or Interest Accounts.

Parity Bonds

The Village covenants not to issue any subsequent bonds or other indebtedness which are secured by a lien on the Revenues of the Regional System, superior to the lien thereon securing the Series 1982 Bonds; provided, however, the 1974 Bond Ordinance specifically stipulates that additional series of bonds may be issued on a parity with the outstanding Series 1974 Bonds solely for the purpose of preventing a default in the payment of such Series 1974 Bonds and the interest thereon.

Additional series of bonds can be issued under the 1982 Bond Ordinance on a parity with the Series 1982 Bonds as to security and source of payment, for any lawful purpose of the Regional System provided, among other conditions, the following:

- A. The amounts required to be credited monthly to the respective accounts of the Sewerage Fund shall have been credited in full up to the date of the delivery of such Parity Bonds.

- B. Either the Net Revenues of the Regional System for the last completed Fiscal Year prior to the issuance of the Parity Bonds (as shown by the audit of an independent certified public accountant) or the "Adjusted Net Revenues" of the Regional System for such year (as defined herein) must equal at least 110% of Maximum Annual Debt Service computed immediately after the issuance of the proposed Parity Bonds.

Net Revenues of the Regional System may be adjusted as follows:

- (1) In the event there shall have been an increase in the rates of the Regional System from the rates in effect for the preceding Fiscal Year, which increase is in effect at the time of the issuance of any such Parity Bonds, the Net Revenues of the Regional System as described hereinabove may be adjusted to reflect the Net Revenues of the Regional System for the immediately preceding Fiscal Year as they would have been had said then existing rates been in effect during all of said Fiscal Year ("Adjusted Net Revenues").
 - (2) Adjusted Net Revenues shall be evidenced by the certificate of an independent consulting engineer, an independent utility financial consultant or an independent certified public accountant employed for that purpose, which certificate shall be filed with and approved by the Village prior to the sale of the proposed Parity Bonds.
- C. All of the persons who are parties to the 1982 Treatment Agreement and who are not, at that time, in default under the provisions of the 1982 Treatment Agreement give written consent to the issuance of such Parity Bonds.

Completion Bonds

The 1982 Bond Ordinance also provides that, prior to December 31, 1985, an aggregate principal amount of \$2,000,000 bonds may be issued on a parity with the Series 1982 Bonds, without regard to the earnings test and without regard to the written consent specified above, for the purpose of financing the costs of completing the Regional System (\$750,000) or financing the costs of a facility for the disposal of sludge from the System (\$1,250,000). The 1982 Treatment Agreement secures the payment of such Completion Bonds, if issued, in the same manner as Series 1982 Bonds.

General Covenants

In the 1982 Bond Ordinance, the Village makes the following covenants, among others:

Maintenance: The Village will maintain the System in good repair and working order, and will punctually perform all duties with respect thereto.

Budgets: Not less than 60 days prior to the beginning of each Fiscal Year, the Village shall adopt a budget in accordance with the provisions of the 1982 Treatment Agreement. The first Fiscal Year for which such a budget is required shall be the Fiscal Year which begins on May 1, 1983. Each such budget shall set forth in reasonable detail, by month for such Fiscal Year, the estimated Revenues (after taking into account bad debts and delinquent charges) and the estimated Operations and Maintenance Costs of the System and the Regional System as well as all debt service and reserve requirements which must be provided for from the Revenues of the System and the Regional System. Following the end of each quarter, the Village shall review its estimates set forth in the budget for such Fiscal Year, and in the event the estimates do not substantially correspond with actual Revenues, Operations and Maintenance Costs or other requirements, the Village shall adopt and file with the Trustee an amended budget and an amended schedule of flow rates (computed in accordance with the provisions of the 1982 Treatment Agreement) for the remainder of such Fiscal Year. The Village also may at any time adopt in accordance with the provisions of the 1982 Treatment Agreement and file with the Trustee an amended budget and an amended schedule of flow rates for the remainder of the then current Fiscal Year.

Insurance: The Village will maintain insurance in the amounts on the terms as follows:

1. Builders risk insurance during project construction as recommended by an independent engineer.

2. At all times unless otherwise covered pursuant to construction contracts, casualty insurance against all normal hazards ordinarily insured for facilities of a similar type in an amount not less than the lesser of (a) 100% of the replacement value thereof, or (b) the total principal amount of Outstanding Bonds; provided that such insurance can provide for a standard deduction of not more than 2% of the total amount.

3. All such policies shall be for the benefit of the Village, shall be made payable to the Village, and shall be forthwith deposited to the Trustee. The proceeds of any insurance claim in excess of \$100,000 shall be applied by the Trustee in accordance with the provisions of the 1982 Bond Ordinance.

4. The Village will carry with a responsible insurance company coverage for workers compensation and employers liability, public and other liability insurance, fidelity insurance or fidelity bonds, and business interruption insurance (if available at reasonable cost) in an amount equal to the amount of interest and principal due or subject to mandatory redemption on all outstanding bonds in the next Fiscal Year.

5. All recommendations made by the independent engineer or insurance consultant under the provisions of the 1982 Bond Ordinance shall be filed with the Village and the Trustee.

No Sale, Lease or Encumbrance: The Village will not sell, lease, loan, mortgage or in any manner dispose of or encumber the Regional System while any Series 1982 Bonds remain outstanding (subject to the reserved right of the Village to issue additional obligations as provided in the 1982 Bond Ordinance); this covenant shall not prevent the Village from disposing of any property which in the judgment of the Board of Trustees is no longer useful, profitable or essential to the continued operation of the Regional System.

Books, Records and Accounts: The Village covenants to keep accurate books and accounts relating to the Regional System in accordance with generally accepted accounting principles. Such records will be audited annually by an independent certified public accountant. Audited financial reports will be furnished to Bondholders upon written request.

Construction: The Village covenants that it will proceed with the construction of the Regional System and that it will complete such construction with all expedition practicable, free and clear of all liens and claims for liens.

Other Obligations: The Village covenants that it will not issue any bonds, limited obligations or other evidences of indebtedness secured by a pledge of the income or any part of the Pledged Revenues, except pursuant to provisions of the 1982 Bond Ordinance.

Covenants Relating to the Series 1974 Bonds: The Village will faithfully perform its duties under the 1974 Bond Ordinance. Except to prevent or remedy a default of payment of principal at maturity or interest when due on the Series 1974 Bonds, the Village will issue no bonds, notes or other obligations payable from all the "revenues" as pledged under the 1974 Ordinance (which include Revenues of the Regional System), but this covenant shall not prohibit the Village from issuing such obligations as it may determine payable solely from the Revenues of the Village System.

No Free Service, No Competing Franchises: The Village will not provide any free service of the Regional System and will not grant a franchise for the operation of any competing sewerage treatment system within the Village.

Compulsory Connections: The Village covenants to use its best efforts to require and enforce all of the connections to the Regional System to secure prompt payment on the Series 1982 Bonds and protect the health and welfare of all persons served by the Regional System.

Enforcement of Rates, Fees and Charges: The Village shall compel prompt payment of rates, fees and charges imposed for service rendered and will vigorously enforce all of the provisions of any ordinance of the Village with respect to user connections and user charges and will seek all of the rights and remedies permitted under the law including an enforcement of every available right and remedy legally available.

The 1974 and 1982 Treatment Agreements and Regional Agreement: The Village covenants to fulfill every condition of said agreements, to maintain their enforceability, not to alter or amend said agreements in any manner detrimental to the Bondholders and to vigorously enforce said agreements accordingly for the benefit of the Bondholders.

1982 TREATMENT AGREEMENT

The Village has executed the 1982 Treatment Agreement with Monsanto Company, Pfizer Inc., Edwin Cooper, Inc. and Cerro Copper Products Co. (collectively, the "Companies"). The following is a summary of certain provisions of the 1982 Treatment Agreement. The full text of the 1982 Treatment Agreement (including the form of the "Indemnity Bonds", as described hereinafter) is set forth in Exhibit A to this Official Statement.

Monsanto Company, Cerro Copper Products Co. and Edwin Cooper, Inc., are parties to the 1974 Treatment Agreement which secures the Series 1974 Bonds. All amounts due under the 1982 Treatment Agreement will be calculated separately from, and be in addition to, any payments required pursuant to the 1974 Treatment Agreement. For further details see "PRIOR LIEN BONDS."

The 1982 Treatment Agreement provides, among other things, substantially as follows:

- (a) The Village will collect, treat and dispose of wastewater of the Companies and, in consideration therefor, each of said Companies will guarantee to discharge to the Regional System, during each Fiscal Year in which the Series 1982 Bonds are Outstanding, the specified minimum annual flow of wastewater as shown in the following tabulation:

<u>Companies</u>	<u>Minimum Annual Use</u>	<u>Millions of Gallons</u>
Monsanto Company		1,952.75
Edwin Cooper, Inc.		167.90
Pfizer Inc.		672.99*
Cerro Copper Products Co.		243.55

* Subject to increase under certain conditions set forth in the 1982 Treatment Agreement.

- (b) The obligation of each of the Companies under the 1982 Treatment Agreement will be limited to an amount equal to the charges imposed by the Village for the collection and treatment of wastewater by the Regional System as calculated by applying the then applicable current rates (as established under the Regional System Rate Ordinance) established by the Village to the actual wastewater discharged to the Regional System or the guaranteed minimum annual wastewater flow specified in the 1982 Treatment Agreement, whichever is greater.
- (c) Annual budgets for the Regional System will be prepared not less than 60 days prior to the beginning of each Fiscal Year and must adequately provide for the payment of the "Aggregate Requirements" which is defined in the 1982 Treatment Agreement to include: (i) all expenses of operation, maintenance, repair and depreciation of the Regional System; (ii) all other payments required to be made pursuant to the provisions of the 1982 Bond Ordinance; and (iii) an additional amount equal to twenty-five percent (25%) of the amount required in the 1982 Bond Ordinance to be deposited to pay the principal of and the interest on the Series 1982 Bonds during the year then being considered. Such budgets must take

into account a reasonable allowance for bad debts and delinquent receivables estimated to be incurred in connection with the operation of the Regional System. During the first five years of operation of the Regional System, said annual budgets will be reviewed by an independent accountant, consulting engineer or utility financial consultant.

- (d) The rates to be established by the Village for the collection and treatment of wastewater discharged to the Regional System are required to be determined based upon (i) the budget prepared for the current Fiscal Year; (ii) with respect to all users being served by the Regional System except the Companies, the actual flow discharged to the Regional System during the immediately preceding year; and (iii) with respect to each of the Companies not then in default under the 1982 Treatment Agreement, the greater of either its actual wastewater discharged to the Regional System during the immediately preceding year or its guaranteed Minimum Annual Use as specified in the 1982 Treatment Agreement. Neither the actual wastewater discharged nor the guaranteed Minimum Annual Use of any of the Companies then in default under the 1982 Treatment Agreement is considered in the determination of the rates to be charged by the Regional System for wastewater treatment.
- (e) Advance billings for the purpose of funding certain operating reserves are required to commence December 1, 1984. Payments for the amortization of the principal amount of and interest on the Series 1982 Bonds and for services to be provided by the Regional System are required to commence December 1, 1985, whether or not the Regional System is completed, operating or operable.
- (f) Each of the Companies, is unconditionally obligated to pay its charges specified under the 1982 Treatment Agreement (i) without set-off or counterclaim, (ii) whether or not it continues to be a user, (iii) whether or not the Village actually acquires, constructs or completes the Regional System or is actually accepting wastewater for treatment, and (iv) irrespective of any claim or charge it may have against the Village, the Association, any of the other Companies or any other user of the Regional System.
- (g) The 1982 Treatment Agreement will remain in full force and effect at least until all outstanding Series 1982 Bonds have been paid or adequate provision for such payment has been made.
- (h) Each of the Companies will deliver to the Village, at the time of issuance of the Series 1982 Bonds, an Indemnity Bond for the purpose of securing certain payments which each of such Companies is unconditionally obligated to pay under the 1982 Treatment Agreement solely for the purpose of providing for the payment of the principal of and interest and redemption premium on the Series 1982 Bonds.

Indemnity Bonds

Each of the Companies will deliver to the Village, at the time of issuance of the Series 1982 Bonds, an Indemnity Bond for the purpose of securing the payment of such Company's "Share of Liquidated Debt Service Charge." As defined in the 1982 Treatment Agreement, the Liquidated Debt Service Charge means an amount of money calculated as of any date, represented by the sum of the following: (i) all interest which has accrued and will accrue on the Series 1982 Bonds from the then last interest payment date to and including the then earliest optional redemption date, excluding interest to be paid from and out of the proceeds of sale of the Series 1982 Bonds; *plus* (ii) all principal which will mature on the Series 1982 Bonds from the then last principal payment date to and including the then earliest optional redemption date; *plus* (iii) all principal on the Series 1982 Bonds outstanding on the date immediately following the then earliest optional redemption date; *plus* (iv) the redemption premium, if any, due on the then earliest optional redemption date assuming that all of the Series 1982 Bonds be then redeemed. The 1982 Treatment Agreement defines Company's Share of Liquidated Debt Service Charge to mean that proportion of the Liquidated Debt Service Charge which is determined by dividing such Company's then applicable Minimum Annual Use by the total of the then applicable Minimum Annual Use of all of the Companies. The Company's Share of

Liquidated Debt Service Charge is payable upon an event of default by a Company as defined in the 1982 Treatment Agreement.

As indicated in the preceding paragraph, the total of the respective amounts of Liquidated Debt Service Charge to be paid by each of the Companies under the 1982 Treatment Agreement has been established so as to be at all times at least equal to the principal of and interest (net of capitalized interest) and redemption premium on the Series 1982 Bonds from any date of calculation to the then earliest date on which said Series 1982 Bonds can be optionally redeemed or retired.

The surety on each of such Indemnity Bonds must be rated "A-Class XV" by Best's Insurance Reports and must be acceptable to the Village, whose approval shall not be unreasonably withheld. Each such Indemnity Bond shall be assigned by the Village to the Trustee.

All payments on account of a Company's Share of Liquidated Debt Service Charge under the Indemnity Bonds must be deposited into the Principal Account, Interest Account or Special Redemption Fund created by the 1982 Bond Ordinance.

REGIONAL AGREEMENT

In addition to the 1982 Treatment Agreement, the Village has executed a Regional Agreement with the following Illinois local government units: the City of East St. Louis, the Village of Cahokia and the Commonfields of Cahokia Public Water District, all of which are located in St. Clair County, Illinois (collectively, the "Regional Municipalities").

The Regional Agreement provides, among other things, that the Regional System will collect, treat and dispose of all wastewater discharged by each of the Regional Municipalities, and in consideration therefor, each of said Regional Municipalities will pay the duly established charges imposed by the Village in connection therewith; provided however, that in the case of the City of East St. Louis, the Village is expressly authorized to bill directly the residential, commercial and industrial customers presently served by the East St. Louis sewage collection system. Further, the Regional Agreement provides that after completion of the Regional System, each of the Regional Municipalities will: (a) not operate or grant a franchise for the operation of a competing wastewater treatment system within its boundaries; and (b) require that all then current and future wastewater producing properties discharge to the Regional System.

Charges established by the Village for the treatment services provided by the Regional System will be calculated based upon the actual wastewater discharged by the Regional Municipalities to the Regional System.

Advance billings for the purpose of funding certain operating reserves are required to commence December 1, 1984. Payments for the principal of and interest on the Series 1982 Bonds and for services to be provided by the Regional System are required to commence December 1, 1985, whether or not the Regional System is completed, operating or operable.

The Regional Agreement will remain in full force and effect at least until all Series 1982 Bonds have been paid or adequate provision for such payment has been made.

PRIOR LIEN BONDS

Description

Pursuant to an ordinance duly adopted on May 7, 1974 (the "1974 Bond Ordinance"), the Village has previously issued \$7,870,000 in principal amount of Pollution Control Revenue Bonds (Sauget Sewage Project), Series 1974, dated May 1, 1974 (the "Series 1974 Bonds") outstanding in the aggregate principal amount of \$5,775,000 as of December 1, 1982. For details concerning the serial maturities of and mandatory sinking fund redemption requirements for the outstanding Series 1974 Bonds, see "ESTIMATED DEBT SERVICE SCHEDULE."

The Series 1974 Bonds maturing May 1, 1994, are subject to optional redemption, by lot, upon the payment of principal amount and accrued interest, on May 1, 1989 or any subsequent interest payment date.

The Village has always paid the principal of and interest on the Series 1974 Bonds promptly when due.

Security and Source of Payment

The Series 1974 Bonds are secured by a pledge of, and are a first lien on, the Net Revenues received by the Village from the operation of the System, including certain contractual payments, for wastewater collection and treatment facilities and services furnished by the System, required to be made by Monsanto Company, Cerro Corporation (this company was subsequently replaced by Cerro Copper Products Co.), Edwin Cooper, Inc., and AMAX Zinc Company, Inc. pursuant to an agreement (the "1974 Treatment Agreement") entered into by the Village and such corporate entities.

Unconditional Obligation

To insure that sufficient income is generated by the System to make all payments of principal of and interest on the Series 1974 Bonds, as the same become due, the 1974 Treatment Agreement provides, among other things, that the corporate entities named therein shall be jointly, severally and unconditionally obligated to make certain minimum payments throughout the term of said 1974 Agreement; which payments are required to be sufficient, together with other funds available for such purpose, to pay the principal of, and interest on, the Series 1974 Bonds to the final maturity thereof. The following table shows the percentage of such minimum payment each of said corporations is primarily obligated to make:

Monsanto Company	73.1404%
Cerro Copper Products Co.	13.1517
Edwin Cooper, Inc.	9.6264*
AMAX Zinc Company, Inc.	4.0815
	<u>100.0000%</u>

*Ethyl Corporation has unconditionally guaranteed all obligations incurred by Edwin Cooper, Inc. under the 1974 Treatment Agreement.

In the event any of said corporations fails to pay its specified amount of such specified minimum payment, each of the remaining corporations is required to proportionately assume and to pay such amount in the same proportion as the percentages specified above.

Each of said corporations has agreed unconditionally under the 1974 Treatment Agreement to pay such minimum amounts described above whether or not it continues to be a user of the System and irrespective of any claim or charge it may have against the Village, the Association or any of the other corporations which have executed the 1974 Treatment Agreement.

Performance Bond

In an effort to limit the exposure to potential contingent liability of Cerro Corporation (this company was subsequently replaced by Cerro Copper Products Co.), Edwin Cooper, Inc. and AMAX Zinc Company, Inc. under the 1974 Treatment Agreement, a performance bond was obtained from Safeco Insurance Company of America, as surety, and Monsanto Company, as the principal. Pursuant to the terms of this performance bond, in the event that Monsanto Company defaults under the 1974 Treatment Agreement by failing to make the payments required thereby, the surety is obligated to pay directly to the Trustee all amounts for which Monsanto Company is liable pursuant to the terms of the 1974 Treatment Agreement.

Series 1974 Bonds—Rate Covenant

Pursuant to the 1974 Bond Ordinance, the Village covenants that the rates charged for the use and services of the System will be sufficient, at all times, to pay all costs of operating and maintaining

said System; to provide for all maturing principal of and interest on the Series 1974 Bonds; and to satisfy all other requirements of the funds and accounts created under the 1974 Bond Ordinance.

Series 1974 Bonds—Accounts

Under the 1974 Bond Ordinance, a Bond Reserve Account was created to be funded to a maximum of \$670,000. Such Account is fully funded as of the date of this Official Statement.

Under the 1974 Bond Ordinance, a Depreciation Account was created and required to be funded to a maximum of \$420,000 by monthly deposits of \$5,833. The maximum requirement of this account was subsequently increased to \$1,000,000 and the monthly deposits were increased to \$11,666. As of November 30, 1982, the balance on deposit was \$633,878; however, \$256,800 thereof (being grant proceeds) must be transferred to other accounts. In addition, repairs approximating \$110,000 in cost have been approved for payment out of the Depreciation Account.

THE VILLAGE

The Village of Sauget, an Illinois municipal corporation and home rule municipality, is located in southwestern Illinois immediately across the Mississippi River from St. Louis, Missouri. Presently, the Village has a population of approximately 205 residents and encompasses an area of approximately 3.5 square miles. Also located within the corporate limits of the Village are five large industrial complexes employing an estimated 3,000 workers.

The Village has been designated by the Illinois Environmental Protection Agency as the "lead agency" to administer the planning, designing, constructing and financing of the Regional System. The Series 1982 Bonds are being issued by the Village for the purpose of financing a portion of the costs of such Regional System.

The Regional System to be constructed will constitute an integral part of the Village's existing sewage collection and treatment system (the "System") and will be operated by the Village as a separate division of the System.

THE SYSTEM

The Village wastewater collection and treatment system is the smallest and most sophisticated system in the area. The capacity of the System is almost entirely occupied with flows from major industrial users in the Village.

The existing physical/chemical treatment plant of the System provides primary treatment of combined stormwater, and domestic and industrial wastewater flows. This treatment facility, which was initially constructed in 1967 and upgraded in the mid-1970s, has a peak capacity of 24 million gallons per day. The System also includes an 800,000 gallon capacity storage lagoon to accommodate combined storm and wastewater overflows.

The original collection system sewers were constructed in the 1930s with additions made regularly through the 1960s. Because of the acidic nature of the industrial flows, vitrified clay pipe, more resistant to corrosion, was used. The entire Village sewage collection network is slightly more than five miles in total length and varies in diameter from 8 inches to 42 inches. Wastewater flow is achieved primarily through gravity although two small lift stations in the residential section of the Village are used.

The System serves a small number of residential customers and treats a relatively insignificant domestic flow. All collection and treatment expenses are borne by ten industrial customers located within the Village and are allocated on the basis of sewage flow and content. Rates vary based on actual expense levels with surpluses or deficiencies in one period reflected in subsequent period billings. In addition, while the System is owned by the Village, it is operated by the Sauget Sanitary Development & Research Association, a not-for-profit Delaware corporation (the "Association").

VILLAGE OF SAUGET SEWERAGE FUND

The following Statement of Revenues and Expenses and Comparative Balance Sheet are an abridgment of certain information contained in the annual financial statements of the Village of Sauget Sewerage Fund for the five fiscal years ended April 30, 1982. Appended to this Official Statement as Exhibit B is the Village of Sauget, Illinois Annual Audit Report of the Sewerage Fund for the fiscal year ended April 30, 1982.

Comparative Statement of Revenues and Expenses

Fiscal Years Ended April 30	1978	1979	1980	1981	1982
Operating Income					
Users and Corporation Remittances.....	\$2,218,684	\$ 2,253,697	\$ 3,619,138	\$ 2,863,041	\$2,793,394
Miscellaneous	—	126	1,000	—	—
Total.....	2,218,684	2,253,823	3,620,138	2,863,041	2,793,394
Operating Expenses					
Reimbursements—Sauget Sanitary Association.....	1,540,794	1,505,802	3,002,942	2,168,491	2,069,158
Other	—	—	10,818	—	706
Total.....	1,540,794	1,505,802	3,013,760	2,168,491	2,069,864
Net Operating Income.....	677,890	748,021	606,378	694,550	723,530
Nonoperating Income	61,621	196,222	174,586	151,542	204,485
Net Operating Income before Interest, Amortization and Depreciation	739,511	944,243	780,964	846,092	928,015
Nonoperating Expenses					
Interest.....	—	—	—	—	—
Interest on Series 1974 Bonds	452,625	438,375	422,425	406,200	388,200
Total.....	452,625	438,375	422,425	406,200	388,200
Amortization	11,391	11,392	11,391	11,391	11,391
Depreciation	197,500	201,783	207,404	223,910	221,597
Total.....	661,516	651,550	641,220	641,501	621,488
Net Income Before Extraordinary Items	77,995	292,693	139,744	204,591	306,527
Extraordinary Item (Net)	—	145,245	(13,255)	150,000	—
Net Income for Period	\$ 77,995	\$ 437,938	\$ 126,489	\$ 354,591	\$ 306,527
Series 1974 Bonds Debt Service					
Principal	\$ 250,000	\$ 275,000	\$ 275,000	\$ 300,000	\$ 325,000
Interest.....	452,625	438,375	422,425	406,200	388,200
Total.....	\$ 702,625	\$ 713,375	\$ 697,425	\$ 706,200	\$ 713,200
Debt Service Coverage	1.05x	1.32x	1.12x	1.34x	1.30x

Comparative Balance Sheet (as of April 30)

ASSETS	1978	1979	1980	1981	1982
Current Assets					
Cash and equivalents	\$1,577,643	\$ 2,123,258	\$ 2,175,057	\$ 1,681,413	\$1,517,333
Accounts receivable	41,502	3,552	243,066	261,490	278,859
Other	16,755	48,563	16,336	536,544	130,135
Total.....	1,635,900	2,175,373	2,434,459	2,479,447	1,924,777
Property, Plant and Equipment (Net)	7,727,482	7,672,087	7,677,557	8,108,563	7,862,906
Other	183,568	170,869	159,478	148,086	136,695
Total.....	\$9,546,950	\$10,018,329	\$10,271,494	\$10,736,096	\$9,924,378
LIABILITIES AND MUNICIPAL EQUITY					
Current Liabilities*	\$ 69,602	\$ 478,453	\$ 888,527	\$ 1,297,798	\$ 536,289
Loans due from members	—	—	—	—	149,625
Long-term debt	6,950,000	6,675,000	6,100,000	5,775,000	5,425,000
Municipal Equity					
Investment in fixed assets.....	542,744	542,744	542,744	542,744	542,744
Fund balance	1,984,604	2,322,132	2,740,223	3,120,554	3,161,279
Retained Earnings.....	—	—	—	—	109,441
Total.....	\$9,546,950	\$10,018,329	\$10,271,494	\$10,736,096	\$9,924,378

*Includes current portion of long-term debt.

THE ASSOCIATION

Sauget Sanitary Development & Research Association (the "Association") is a Delaware not-for-profit corporation which is authorized to do business in Illinois. Its membership consists of the five largest industrial concerns in the Village: AMAX Zinc Company, Inc., Cerro Copper Products Co., Edwin Cooper, Inc., Midwest Rubber Reclaiming Company and Monsanto Company. The Board of Directors of the Association consists of ten members appointed annually. Each member of the Association is represented by one director on the Board, except Monsanto Company which has five. In addition, the Village President (Mayor) is a Board member.

The Association was incorporated in 1967 by representatives of the larger industrial concerns in the Village. Its purposes, among others, are to conduct technical studies and to provide and render services, advice and assistance with respect to the development, construction, maintenance, use and operation of sewage facilities for the effectual treatment and disposal of sewage in the Village. Due to the Association's access to sources of research and the knowledge and experience of its directors with respect to sewage treatment and disposal matters, the Village entered into a contract with the Association to operate the Village's initial wastewater treatment plant. That contract has since been expanded to include the operation of the Village's existing physical/chemical plant and will be further expanded to include the operation of the Regional System.

The Association operates the Village's existing physical/chemical wastewater treatment plant at cost and will similarly operate the Regional System wastewater treatment plant.

Statement of Revenues and Expenses

The following Statement of Revenues and Expenses is an abridgment of certain information contained in the annual financial statements of the Sauget Sanitary Development & Research Association for the five fiscal years ended April 30, 1982.

<u>Fiscal Years Ended April 30</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Operating Income					
Reimbursement—					
Village of Sauget Sewer Fund	\$1,540,794	\$1,505,802	\$3,002,942	\$2,168,491	\$2,069,158
Miscellaneous	888	2,428	1,288	94	—
Total	1,541,682	1,508,230	3,004,230	2,168,585	2,069,158
Operating Expenses					
Wages and Labor	227,029	261,863	309,137	342,182	353,251
Repairs and Maintenance	300,005	134,760	307,066	204,173	247,822
Utilities	106,723	139,951	160,575	158,350	166,870
Lime	600,621	491,860	621,428	438,229	531,633
Disposal	97,295	326,562	552,937	555,032	591,119
Other	165,915	215,612	252,778	243,213	189,061
Total	1,497,588	1,570,608	2,203,921	1,941,179	2,079,756
Net Operating Income	44,094	(62,378)	800,309	227,406	(10,598)
Nonoperating Income	—	—	—	231	6,833
Net Operating Income before Interest, Amortization and Depreciation	44,094	(62,378)	800,309	227,637	(3,765)
Nonoperating Expenses					
Interest	—	1,308	—	—	—
Depreciation	2,044	2,045	2,115	2,115	2,386
Total	2,044	3,353	2,115	2,115	2,386
Net Income (Loss) Before Extraordinary Items	42,050	(65,731)	798,194	225,522	(6,151)
Extraordinary Item (Net)	—	(34,679)	(677,751)	(196,855)	—
Net Income (Loss) for Period	<u>\$ 42,050</u>	<u>\$ (100,410)</u>	<u>\$ 120,443</u>	<u>\$ 28,667</u>	<u>\$ (6,151)</u>

THE REGIONAL SYSTEM

Service Area

The area to be served by the Regional System encompasses virtually all of East St. Louis and Centreville townships which are located adjacent to the Mississippi River directly across from St. Louis, Missouri. These townships include the Cities of East St. Louis and Centreville, the Villages of Sauget, Cahokia and Alorton, and portions of the Commonfields of Cahokia Public Water District which are unincorporated. The population of this regional service area was 90,768 in 1980.

Existing Wastewater Facilities Located in the Regional System Service Area

In addition to the Village, several political subdivisions located in the Regional System service area presently maintain wastewater collection and/or treatment facilities. The City of East St. Louis operates a collection system and primary treatment plant to serve virtually all customers located within its boundaries. The Village of Cahokia sewerage collection system serves a portion (approximately 5,200 customers) of the sewered properties located within its limits. The Cahokia collection system outfalls to a treatment plant operated by the Metro-East Sanitary District. The remainder of the sewered properties in the Village of Cahokia connect to sewers maintained by the Commonfields of Cahokia Public Water District. This public water district also provides a sewerage collection network which serves the presently sewered properties in the City of Centreville, the Village of Alorton and unincorporated areas of Centreville Township. Wastewater collected by the Commonfields of Cahokia Public Water District sewerage system is discharged to the treatment plant operated by the City of East St. Louis or to the treatment plant in Cahokia operated by the Metro-East Sanitary District.

After the Regional System commences commercial operation, the use of the treatment facilities of the City of East St. Louis and of Metro-East Sanitary District at Cahokia will be abandoned; however, the City of East St. Louis, the Village of Cahokia and the Commonfields of Cahokia Public Water District will each continue to be individually responsible for the costs of operations, maintenance and repair of its respective sewage collection system.

Historical and Projected Population Statistics

The Regional System will provide wastewater treatment of sewage discharged from the collection systems operated by the Village, the City of East St. Louis, the Village of Cahokia and the Commonfields of Cahokia Public Water District. The City of Centreville and the Village of Alorton are currently in the process of constructing sewage collection systems to serve presently unsewered areas within their respective boundaries. It is presently expected that, upon completion of construction, these collection systems will discharge wastewater to the Regional System through the City of East St. Louis sewer system. The following tabulation provides a forecast of population trends in the areas served by these three sewerage collection systems.

Area	Population		
	Actual 1980	Projected (1)	
		1985	1990
City of East St. Louis	55,200	52,098	50,006
Village of Cahokia	18,904	17,841	17,124
Commonfields of Cahokia Public Water District (2)	16,459	15,534	14,910
Village of Sauget	205	193	185
Total	90,768	85,666	82,225

(1) Duff and Phelps, Inc. estimates based on Southwest Illinois Metropolitan and Regional Planning Commission anticipated changes for the periods 1980-1985 and 1985-1990.

(2) Includes the City of Centreville, the Village of Alorton and unincorporated areas of Centreville Township.

In addition to residential sewer customers, the Regional System will also serve a substantial number of commercial and industrial customers. Based on historical data relating to water consumption, with respect to residential, commercial and small industrial sewer customers, and actual sewage flow data with respect to large industrial wastewater producers, the following estimate of wastewater flow for 1986—the first full Fiscal Year following completion of the Regional System—was prepared.

Category of Customer	Estimated Wastewater Flow For 1986 (1)		
	Millions of Gallons Per Day	Annual Flow Millions of Gallons	Percent of Total Flow
Residential			
City of East St. Louis	3.19	1,163,138	15.82%
Village of Cahokia	1.64	598,428	8.13
Commonfields of Cahokia Public Water District	0.99	361,603	4.91
Village of Sauget	0.02	5,122	.10
Total	5.84	2,128,291	28.96
Commercial and Small Industrial			
City of East St. Louis	3.92	1,432,614	19.44
Village of Cahokia (2)	0.14	49,980	.69
Commonfields of Cahokia Public Water District (2)	0.06	22,000	.30
Village of Sauget	0.07	25,874	.35
Total	4.19	1,530,468	20.78
Industrial			
Pfizer Inc. (3)	2.10	766,500	10.42
AMAX Zinc Company, Inc.	0.27	98,206	1.34
Cerro Copper Products Co.	0.76	275,563	3.77
Edwin Cooper, Inc.	0.52	191,136	2.58
Midwest Rubber Reclaiming Co.	0.30	111,105	1.49
Monsanto Company	6.09	2,221,217	30.21
Other (four industrials)	0.09	34,299	.45
Total	10.13	3,698,026	50.26
	<u>20.16</u>	<u>7,356,785</u>	<u>100.00%</u>

(1) Adapted from the Duff and Phelps, Inc. *Study and Report on the Economic and Financial Feasibility of the Village of Sauget, Illinois Proposed Regional Wastewater System*, November 24, 1982. Represents first full Fiscal Year following completion of the Regional System.

(2) Includes commercial customers only.

(3) Based on 1982 Treatment Agreement minimum flow obligation for Pfizer Inc., and is subject to increase. Estimated annual usage by Pfizer Inc. based on historical flow is 1,496,500 million gallons or 18.51% of the proposed Regional System.

Facilities Comprising the Regional System

The Regional System will primarily consist of a wastewater treatment plant having a capacity of 27 million gallons per day; the necessary pump stations and force mains needed to integrate the Regional System with the existing wastewater collection and distribution systems presently serving the Regional Municipalities and the wastewater collection systems currently under construction by the City of Centreville and the Village of Alorton; and an outfall sewer and pumping station to the Mississippi River. The wastewater treatment plant has been designed to provide primary and secondary treatment and to accommodate a peak hourly flow of 52 million gallons per day.

The basic plan of the Regional System includes the abandonment of the existing primary treatment plant operated by the City of East St. Louis and the abandonment of the existing primary treatment plant in Cahokia which is operated by the Metro-East Sanitary District. At these existing primary treatment plant locations, pump stations will be constructed and a 20-inch diameter force main will carry wastewater approximately three miles from Cahokia and a 42-inch diameter force main will carry wastewater approximately one mile from the City of East St. Louis to the new Regional System treatment plant which will be located near the existing Village physical/chemical treatment plant. The existing physical/chemical treatment plant of the Village will continue to treat the Village's wastewater before it is transmitted to, and treated at, the Regional System treatment plant. After treatment, wastewater will be discharged to the Mississippi River through an outfall sewer and pumping station.

The proposed facilities intended to comprise the Regional System are designed to enable all participants in the Regional System service area to comply with the Federal Water Pollution Control Act Amendments of 1972 as amended by the Clean Water Act of 1977.

Although certain funds from the proceeds of sale of the Series 1982 Bonds will be expended for repairs to the "Cahokia Trunk Line," it is *not* part of the Regional System.

The design capacity of the Regional System is forecasted to be sufficient to serve the wastewater treatment needs of the region through the year 2000.

The Regional System treatment plant has been designed by Russell & Axon, Engineers—Planners—Architects, Inc., a Missouri corporation which is authorized to do business in Illinois. The same firm will provide construction surveillance.

In addition, the U. S. Army Corps of Engineers will provide a resident engineer during construction.

From the commencement of the design of the Regional System, Monsanto Company, at its cost, has furnished to the Village the Project Manager for this project. This relationship will continue during the period of construction.

Construction Contracts and Schedule

A total of seven contracts will be awarded for the construction of the various elements comprising the Regional System. Each of these contracts will specify a guaranteed maximum cost (excluding change orders which the Village initiates or approves) to be paid for the work performed thereunder. Based on the bids for such contracts received during February and March of 1982, and subsequent negotiations, the total construction cost of the facilities comprising the Regional System is expected to be \$62,872,700. The Village intends to award these construction contracts immediately upon the issuance of the Series 1982 Bonds.

With respect to each of the contracts for the construction of a portion of the facilities comprising the Regional System, a payment bond equal to the guaranteed maximum cost specified in such contract and an equal performance bond will be required to be furnished by each contractor, each with a good and sufficient corporate surety acceptable to the Village.

Construction of the Regional System facilities is expected to begin in January, 1983, with completion anticipated in or before December 1985.

ESTIMATED SOURCES AND USES OF FUNDS

Project Costs	Gross Cost(1)	Less Grants(2)	Net Cost
DESIGN & CONSTRUCTION DOCUMENTS			
Regional engineering fees	\$ 3,577,800	\$ 2,657,400	\$ 920,400
CONSTRUCTION			
Construction contracts	62,872,700	46,886,200	15,986,500
Construction supervision and other engineering fees	6,332,000	4,740,700	1,591,300
Wrap-up insurance	3,347,500	2,510,600	836,900
Insurance management and safety	243,300	182,500	60,800
Contingencies	2,310,700	1,733,600	577,100
Special innovative and alternative grant	0	2,196,100	(2,196,100)
FIRST FLUSH FACILITY FOR EAST ST. LOUIS			
Engineering study	173,400	124,300	49,100
Design, construction documents and construction	1,203,000	900,000	303,000
SEWER SYSTEM EVALUATION SURVEY			
East St. Louis	1,798,700	1,348,100	450,600
Cahokia	\$20,900	615,300	205,600
Water District	536,400	402,000	134,400
Sauget	114,800	83,400	31,400
SLUDGE DISPOSAL STUDY			
Engineering fees	350,000	0	350,000
CAHOKIA TRUNK LINE REPAIRS			
For Cahokia	2,514,000	2,064,000	450,000
For Water District	245,000	185,000	60,000
ALL OTHER PROJECT COSTS AND EXPENSES			
Temporary financing costs	94,700	0	94,700
Real estate, interest in real estate, easements and site preparation	3,284,800	149,700	3,135,100
All other fees and expenses	171,000	0	171,000
CONTINGENCIES	2,473,594	0	2,473,594
Total Project Costs	<u>\$92,464,294</u>	<u>\$66,778,900</u>	<u>\$25,685,394</u>
Less: Project Costs paid from principal proceeds Village of Sauget Sewage Treatment Bonds Dated December 1, 1977			1,283,400
Project Costs to be paid (reimbursed) from proceeds of Series 1982 Bonds			\$24,401,994
Refunding of Village of Sauget Sewage Treatment Bonds Dated December 1, 1977			1,043,000
Reimbursement to Village for Principal Paid on Bonds Dated December 1, 1977			260,000(3)
Total Project Costs and Refunding			<u>\$25,704,994</u>
Operations and Maintenance Reserve			657,000(3)(4)
Debt Service Reserve Account Deposit			4,467,013(5)
Funded Interest During Construction			12,801,038(6)
Indemnity Bond Premiums			1,179,500(7)
Underwriter's Discount			986,980(8)
Discount to Purchasers			170,475
Legal Fees and Other Issuance Expenses			800,000
Total Uses			<u>\$46,767,000</u>
Project Sources			
Interest Earned During Construction			\$ 4,731,000(9)
Insurance Dividends			36,000
Principal Amount of Series 1982 Bonds			42,000,000
Total Sources			<u>\$46,767,000</u>

- (1) Includes certain costs related to this project, previously incurred by the Village. The Village has received construction bids covering all major elements of the Regional System. Construction contracts will be awarded immediately upon the issuance of the Series 1982 Bonds.
- (2) Includes grant moneys previously received and grants awarded, with the exception of \$1,024,300 to be applied for with respect to the First Flush Facility for East St. Louis.
- (3) To be held as part of the Construction Fund until completion of construction of the Regional System and may be used to pay project contingencies.
- (4) Equal to approximately 1 1/2 months' Operations and Maintenance Costs.
- (5) The initial deposit to the Debt Service Reserve Account.
- (6) An amount equal to 36 months' interest on the Series 1982 Bonds.
- (7) Aggregate premium for the separate Indemnity Bonds to be provided by certain corporations.
- (8) Equal to 2.35% of the principal amount of the Series 1982 Bonds.
- (9) Interest estimated to be earned at the rate of approximately 9.2% on available moneys in the Construction Fund, Interest Account and Debt Service Reserve Account during the period of construction.

EXECUTIVE SUMMARY OF THE FEASIBILITY REPORT

Reproduced on the following pages is the complete text of the Executive Summary prepared by the Feasibility Consultant in connection with the proposed financing for the Regional System.

At the time the report was prepared, it assumed the purchase of municipal bond insurance with respect to the Series 1982 Bonds and, for the purposes of certain analyses and projections, it further assumed that the principal amount of the Series 1982 Bonds would be \$41,455,000 and the average interest rate of this indebtedness would be 10½%.



November 24, 1982

EXECUTIVE SUMMARY

Study and Report on the Economic and Financial Feasibility of the Village of Sauget, Illinois Proposed Regional Wastewater System

The Village of Sauget, Illinois (Sauget), the City of East St. Louis, Illinois (ESL), the Village of Cahokia, Illinois (Cahokia), the Commonfields of Cahokia Public Water District (Commonfields) and Metro-East Sanitary District (MESD) have entered into a "Regional Agreement" relating to the ownership, operation and funding of a regional wastewater treatment and collection facility. The proposed regional facility will collect wastewater from ESL and Centreville Townships at a regional plant to be located at Sauget. Wastewater from these areas and that from an existing primary treatment plant in Sauget will be then provided secondary treatment before being discharged into the Mississippi River. These regional facilities are designed to enable these communities to comply with the Federal Water Pollution Control Act Amendments of 1972 as amended by the Clean Water Act of 1977. The Regional Agreement designates the Village of Sauget as coordinator of construction and financing plans and as the eventual owner of the facility. The Sauget Sanitary Development & Research Association, a not-for-profit corporation of local industry in Sauget, will manage and operate the project.

Duff and Phelps, Inc. was retained by Sauget to provide an independent review of the economic and financial feasibility of the project. The main objective of this independent study and report was to provide Sauget and other interested parties including underwriters and bond purchasers with an evaluation of the earnings potential of the regional wastewater system. Evaluation of other financial considerations affecting the proposed \$41,990,000 of Village of Sauget Regional Wastewater Revenue Bonds, Series 1982, are reviewed which can be expected during construction, after commencement of operations and subsequent term of the financing.

We have relied on information furnished to us by various parties and make no representation as to the accuracy of such information. The information and sources were as follows:

1. Historical certified annual audits of the wastewater systems of ESL, Sauget, Cahokia, Commonfields and MESD.

2. Statements, information and data furnished by each of the above entities as well as the Illinois-American Water Company (IAWC), the wholesale and retail source of water supply for the region.
3. Information provided by the regional facility consulting engineers -- Russell & Axon -- and managements of the project participants.
4. Historical and projected data on population, housing, employment, land use, residential, commercial and industrial development and other information compiled by city, county and state sources.
5. Other information from sources cited in the report.

This summary letter and report is submitted on the results of our study of the economic and financial impacts which can be expected with the proposed financing, construction and operation of the regional treatment facilities of Sauget, Illinois. To obtain a full understanding of our findings, it is necessary that reference be made to the body of the full report.

It is important to note that our full report dated November 24, 1982 is based on certain assumptions regarding the financing and mode of operation of the regional facility. Prior to final completion of our report and possibly subsequent to it, certain refinements in the financing plan and alterations in the proposed mode of operation of the facility have been and will be made. Specifically, these alterations include responsibility for customer billing and the eventual ongoing discharge to the system by Pfizer, Inc. as yet to be determined by the Illinois Environmental Protection Agency.

From our review and study, we have derived the following principal findings on the proposed Village of Sauget, Illinois Regional Wastewater System.

Economy of the Service Area

The region known as the American Bottoms suffers from a number of economic problems. Industrial development in ESL, the region's largest municipality, has declined since the 1950s. As a consequence, in the weak economic climate of recent years, many of the large employers have found aging and obsolete facilities in the area to be candidates for closing. This trend is reflected in high unemployment figures. However, these negative factors are offset by the heavy industrial development in Sauget. Major processing plants of five national industrial firms constitute a very stable economic base for that area. Further, the region remains attractive from a locational standpoint. It is centrally located with regard to national commerce and boasts abundant natural resources and excellent transportation systems and an available work force. These factors, in conjunction with local promotional efforts and national fiscal incentives should provide momentum to develop the area.

Most significant to the economic feasibility of the regional project are estimates as to future population and housing trends. Projected population in the area will continue to decline albeit at a slower than historical rate. Based on historical relationships between population and dwelling units, estimates indicate that the number of housing units in Cahokia and Sauget in the 1970-1980 period increased while population decreased. Consequently, for the 1980-1990 period, we project increases in the number of housing units as well as wastewater customers despite continuing population decreases. Declines projected for ESL and Commonfields more than offset increases projected for Cahokia and Sauget and result in an overall decline in the region of 3.4% over the ten year period.

Existing Facilities

The member utilities which will utilize the regional secondary wastewater facilities are independent entities which currently own and operate their own wastewater sewerage facilities. Following construction of the new regional plant, all treatment activity will be centralized in Sauget with each entity retaining responsibility for operation and maintenance of its respective collection system. For purposes of our full report, we assumed that the regional facility would bill each collection entity in lump sum form for treatment expense and that responsibility for ultimate individual customer billing would be with the four collection entities. It is our current understanding that the Village of Sauget will assume responsibility for all individual customer billing to be accomplished through a yet to be finalized agreement with the Illinois American Water Company. In this connection, the four collection entities will bill customers for their sewage collection expenses only and will not be involved in customer billing for regional treatment charges. Accordingly, while relevant to a discussion of the regional system, details pertaining to the financial condition and operating performance of the four member utilities will not have as direct an impact on the feasibility of the regional system under the currently proposed mode of customer billing.

Proposed Property and Construction

Design and construction of the proposed facilities are under the direction of Russell & Axon, Engineers, Planners and Architects, employed by Sauget for such purpose. Professional engineering services have been provided to accomplish construction of the regional facilities as required and acceptable to the U.S. and State of Illinois EPAs. The proposed wastewater facility will consist of a 27 million gallon per day (MGD) powdered activated carbon/activated sludge treatment plant and appurtenances. The scope of the work involved in seven construction contracts is presented on the following page.

1. Contract A - Treatment Plant (excluding Zimpro process) - Consists of construction of the regional wastewater treatment plant near the site of the existing Sauget wastewater treatment plant.
2. Contract B - Cahokia Pump Station - Renovation of a pump station at the site of the existing Cahokia wastewater treatment plant.
3. Contract C - Cahokia Force Main - Construction of a force main between the regional plant and the Cahokia pump station.
4. Contract D - ESL Pump Station - Construction of a pump station at the site of the present ESL treatment plant.
5. Contract E - ESL Force Main - Construction of a force main from the ESL pump station to the regional plant.
6. Contract F - Effluent Pump Station and Outfall Sewer - Consists of a pump station to be located near the site of the present Sauget plant and an outfall sewer to the Mississippi River.
7. Contract G - Zimpro Powdered Activated Carbon Air Regeneration System - Design and build type of contract which will use the application of powdered activated carbon to a biophysical treatment system and a carbon regeneration system.

The Zimpro process recommended by the engineers and approved by EPA as designed is a relatively new patented treatment process having been first installed in 1978 and currently performing successfully in other plant locations. Several planned wastewater utilities propose to use the Zimpro process in addition to the Sauget facility.

In addition to construction expenditures, the capital requirements include costs for a wrap-up insurance program. This program coordinates insurance costs of the project owner and the contractors and ensures safe management of the construction.

During February 1982, bids were received for five of the seven contracts and insurance program. Subsequently, in March the bid for construction of the ESL force main was received. In June 1982 a contract was negotiated with Zimpro, Inc. for the Wet Air Regeneration System. A summary of these contract bids is shown on the following page.

Contract A and B	-	\$35,207,700
Contract C	-	594,684
Contract D	-	2,915,000
Contract E	-	1,428,703
Contract F	-	8,678,340
Subtotal		<u>48,824,427</u>
Contract G	-	14,048,300
Subtotal		<u>62,872,727</u>
Wrap-up Insurance		<u>3,347,500</u>
Total		<u>\$66,220,227</u>

The construction is scheduled over a three-year period from December 1982 through December 1985. The total bid cost of \$66,220,227 together with other costs for engineering studies and improvements undertaken in connection with the regional project for specific entities in the amount of \$24,558,173 will result in an estimated total of \$90,778,400 of capital requirements. These costs are to be financed in the amount of \$67 million from EPA grants and approximately \$23,642,100 from the Series 1982 bond proceeds. Such construction will replace and implement the existing service area wastewater facilities which are inadequate or of insufficient capacity to provide satisfactory service. The new facilities will meet current EPA requirements and are estimated to provide the necessary capacity to treat the regional wastewater requirements through the year 2000.

Contractual and Rate Considerations

In order to organize, construct and finance the project, Sauget has entered or will enter into contractual agreements with regional municipal parties, industrial users and other entities involving the Regional Agreement, the Treatment Agreement, the Collection Agreement and proposed Regional Rate Ordinance. Our review of these contracts and rate agreements proposed and entered into by Sauget indicates that these are adequate to support the proposed financing. While the regional agreement establishes the basis of owning, constructing and operating the wastewater facilities and supporting the Series 1982 bond financing, the treatment agreement further guarantees payment of total debt service by industrial users of the project.

Bond Ordinance

The terms of the proposed bond ordinance will conform substantially to the terms of resolutions or ordinances commonly securing wastewater revenue bond financing. Sauget has previously issued a series of 1974 bonds for improvement of its current system and no additional parity bonds are authorized to be

issued by Sauget (except in the event of default of these 1974 bonds). Therefore, the Series 1982 issue will be subordinate lien bonds for the regional project. The ordinance allows the issuance of \$41,990,000 of revenue bonds and Sauget reserves the right to issue an additional maximum of \$2,000,000 of revenue bonds (to complete construction in the amount of \$750,000 and provide for a sludge disposal facility in the amount of \$1,250,000). The covenants in the bond ordinance establish the obligations of Sauget and provide security to the bondholders with respect to the proposed financing.

Earnings

Our projections indicate the regional wastewater facilities can generate earnings through the 1986-1990 period which will be sufficient to meet debt service requirements on the Series 1982 bonds. In addition, our projected earnings for the four member entities of the Sauget regional facility reflecting increased charges due to the regional facilities, revenues collected to provide for each entity's currently outstanding debt, and expenses of collection and administration can be attained provided necessary retail rates are maintained.

Financial Position and Disposition of Bond Proceeds

Based on issuing the proposed Series 1982 Regional Wastewater Treatment Revenue Bonds at December 1, 1982, a pro forma combined sewerage funds balance sheet indicates that Sauget will have adequate working capital and investment and fund accounts to meet estimated construction requirements, to meet semiannual interest payments for a thirty-six month construction period, and satisfy other investment and fund account requirements under the bond ordinance. Commencing with the start of operations in December 1985, estimates indicate Sauget will have moneys available for debt service and fund accounts as required by the 1982 bond ordinance. Subsequent years of operation through 1990 likewise indicate that maintenance of earnings will be adequate to pay operating and maintenance expenses, debt service requirements and fill the necessary fund accounts with maintenance of the rate covenant requirement of 1.25 times annual debt service coverage. It would be expected that with compliance with this rate covenant, cash would be adequate in subsequent years for retirement of the total bond issue by the year ending 2000. On this basis, Sauget will have adequate reserve funds for operation and maintenance, debt service, and accumulation of a fund for renewal, replacement and depreciation of the physical facilities until the extinguishment of debt.

Currently, it is expected that American Mutual Bond Insurance Corporation (AMBAC) will commit to issue a policy of insurance guaranteeing the payment of principal and interest on the Series 1982 bonds which would extend for the term

of such bonds. Further, under Sauget's 1982 Treatment Agreement, indemnity bonds will be carried by Sauget in an amount equal to each industrial company's share of the principal and interest and redemption premium for which it is liable. This would unconditionally guarantee payment of debt service on the proposed revenue bonds.

Management, Personnel and Administration

The effectiveness of Sauget's Board of Trustees and the Association in establishing and implementing policies required for effective operations of Sauget's Series 1974 Wastewater Sewerage Facilities is reflected in very satisfactory historical performances. Based on such performance, it may be expected that after construction of the regional facility, such system will be effectively operated through continued diligent efforts on the part of all persons connected with the Board and Association. Further, compliance by Sauget with the covenants required in the Series 1982 bonds should ensure able, competent, and professional management of the regional wastewater facilities.

Risk Factors and Conclusion

Our estimated earnings are attainable based on the assumptions enumerated in our report, and, in our opinion, are reasonable and possible. Deviations from assumed growth and inflation factors as well as more or less efficient and economical operations will affect earnings. The bond ordinance will require maintenance of earnings at the rate covenant level of 1.25 times annual debt service requirements. In addition, certain developments could occur which would have a materially adverse effect on the earnings of Sauget, or Sauget's ability to achieve the financial operating results projected. These factors would include population and dwelling growth slower than projected, serious impairment of Sauget's operations due to natural causes, issuance of new regulations by governmental agencies, construction costs in excess of those projected, failure to adopt retail rate adjustments consistent with inflationary increased expenses, interruption of effective management of operation or unexpected curtailment of operation of any of the collection facilities. While the above developments could adversely affect the ability of the municipal entities to meet their obligations to the regional system, they would have no bearing on the unconditional payment guarantees by the corporation's signatory to the Treatment Agreement. In fact, should all other sources of regional revenue be eliminated, under the Treatment Agreement these corporate guarantors would be obligated to make contributions sufficient to meet all debt service requirements arising from the proposed 1982 bond issue. Further, with regard to this obligation it is currently planned that each corporation will obtain an indemnity bond with a corporate surety sufficient to liquidate its

Executive Summary
November 24, 1982
Page Eight

share of outstanding debt should it, for any reason, be unable to do so from normal operating revenues. We consider this to be very strong support for the proposed 1982 bond issue.

In summary, based on the representations made to us by Sauget and others and the findings discussed herein, and assuming that materially adverse developments such as those mentioned above will not occur, and necessary rate increases are made to meet bond ordinance rate covenants we are of the opinion that the proposed financing to be accomplished with the Series 1982 Village of Sauget Wastewater Revenue Bonds is financially feasible.

Respectfully submitted,


DUFF AND PHELPS, INC.

RAH/BLM/1h

VILLAGE OF SAUGET REGIONAL WASTEWATER SYSTEM

PRO FORMA PROJECTION

1986-1990

Calendar Year Ending December 31	1986	1987	1988	1989	1990
Annual Wastewater Flow (millions of gallons)	8,086,785	8,078,386	8,073,666	8,062,752	8,056,605
Regional Wastewater Revenues					
Residential	\$ 3,009,717	\$ 3,260,312	\$ 3,391,157	\$ 3,520,529	\$ 3,659,395
Commercial	2,121,245	2,294,813	2,377,444	2,464,532	2,559,886
Industrial	4,878,500	5,327,716	5,583,654	5,856,503	6,145,847
Gross Revenues	10,009,462	10,882,841	11,352,255	11,841,564	12,365,128
Credits (1)	820,955	888,821	922,976	957,610	995,070
Net Revenues	9,188,507	9,994,020	10,429,279	10,883,954	11,370,058
Operating Expenses (2)					
Treatment	3,773,272	4,050,067	4,347,253	4,666,335	5,008,935
Truckline Collection	191,056	206,329	222,823	240,636	259,873
Customer Accounting and Collection	13,739	14,700	15,730	16,832	18,010
Administrative and General	574,053	614,237	657,233	703,239	752,466
Total Operating Expenses ..	4,552,120	4,885,333	5,243,039	5,627,042	6,039,284
Net Operating Revenues (3)	4,636,387	5,108,687	5,186,240	5,256,912	5,330,774
Other Income					
Interest Earned (4)					
Operations and Maintenance Reserve Account	540,564	560,349	601,372	645,410	692,688
Debt Service Reserve Account	472,468	479,251	493,575	521,700	536,900
Renewal, Replacement and Depreciation Account	22,800	68,400	114,000	159,600	205,200
Total	1,035,832	1,108,000	1,208,947	1,326,710	1,434,788
Balance Available for Debt Service	\$ 5,672,219	\$ 6,216,687	\$ 6,395,187	\$ 6,583,622	\$ 6,765,562
Series 1982 Debt Service (5)					
Principal	\$ 200,000	\$ 660,000	\$ 870,000	\$ 1,110,000	\$ 1,375,000
Interest	4,267,013	4,252,513	4,201,363	4,131,763	4,037,413
Total	\$ 4,467,013	\$ 4,912,513	\$ 5,071,363	\$ 5,241,763	\$ 5,412,413
Debt Service Coverage	1.27x	1.27x	1.26x	1.26x	1.25x

Source: Adapted from the Duff and Phelps, Inc. *Study and Report on the Economic and Financial Feasibility of the Village of Sauget, Illinois Proposed Regional Wastewater System*, November 24, 1982.

- (1) Estimated collection expenses and losses for all domestic users.
- (2) Assumes annual inflation rate of 8% for power and 7% for other operating and maintenance expenses.
- (3) Before interest, amortization and depreciation expenses.
- (4) Interest earned on the accounts shown is computed at 9.5% per annum on the prior year-end available balance. If interest earnings were 50% of the amounts shown, due to lower rates or balances, then Wastewater Revenues would need to increase approximately \$554,000 (5.5%) in 1987, and a comparable increase in ensuing years, to achieve 1.25 times coverage as required by the rate covenant set forth in the 1982 Bond Ordinance.
- (5) Reflects coverage of debt service based on \$42,000,000 principal amount of Series 1982 Bonds and actual interest rates. The Feasibility Report assumed a \$41,455,000 bond issue at 10.5% with 15 principal repayments from 5/1/86 to 5/1/2000.

ESTIMATED MONTHLY DOMESTIC CHARGES

The table below sets forth the estimated monthly retail domestic sewerage rates in 1986 charged by the four Regional Municipalities based upon estimated monthly water consumption per customer. The table is adapted from the Feasibility Report prepared by Duff and Phelps, Inc.

	Estimated Monthly Water Con- sumption(1)	Estimated Rates per 1000 gal.	Estimated Total Monthly Charge
City of East St. Louis	9.27	\$1.54	\$14.28
Village of Cahokia	9.65	2.25	21.71
Commonfields of Cahokia Public Water Dis- trict	9.65	2.83	27.31
Village of Sauget	5.47	2.38	13.02

(1) 1,000 gallons.

DEBT SERVICE SCHEDULE

Bond Years Ending May 1	Outstanding Series 1974 Bonds			Series 1982 Bonds			Combined Total
	Principal(1)	Interest	Total	Principal(2)	Interest	Total	
1983	350,000	184,187	534,187	—0—	1,777,922(3)	1,777,922	2,312,109
1984	350,000	346,675	696,675	—0—	4,267,013	4,267,013	4,963,688
1985	375,000	324,800	699,800	—0—	4,267,013	4,267,013	4,966,813
1986	400,000	300,800	700,800	200,000	4,267,013	4,467,013	5,167,813
1987	400,000	275,200	675,200	660,000	4,252,513	4,912,513	5,587,713
1988	450,000	249,600	699,600	870,000	4,201,363	5,071,363	5,770,963
1989	450,000	220,800	670,800	1,110,000	4,131,763	5,241,763	5,912,563
1990	525,000	192,000	717,000	1,375,000	4,037,413	5,412,413	6,129,413
1991	550,000	158,400	708,400	1,680,000	3,917,100	5,597,100	6,305,500
1992	600,000	123,200	723,200	2,010,000	3,765,900	5,775,900	6,499,100
1993	650,000	84,800	734,800	2,395,000	3,579,975	5,974,975	6,709,775
1994	675,000	43,200	718,200	2,810,000	3,328,500	6,138,500	6,856,700
1995	—0—	—0—	—0—	3,280,000	3,033,450	6,313,450	6,313,450
1996	—0—	—0—	—0—	3,810,000	2,689,050	6,499,050	6,499,050
1997	—0—	—0—	—0—	4,395,000	2,289,000	6,684,000	6,684,000
1998	—0—	—0—	—0—	5,045,000	1,827,525	6,872,525	6,872,525
1999	—0—	—0—	—0—	5,775,000	1,297,800	7,072,800	7,072,800
2000	—0—	—0—	—0—	6,585,000	691,425	7,276,425	7,276,425
	<u>\$5,775,000</u>			<u>42,000,000</u>			

(1) The amounts shown for the years 1985 to and including 1993 represent mandatory sinking fund redemption requirements for \$5,075,000 principal amount of Series 1974 Term Bonds due May 1, 1994.

(2) The amounts shown for the years 1993 to and including 1999 represent mandatory sinking fund redemption requirements for \$34,095,000 principal amount of Series 1982 Term Bonds due May 1, 2000.

(3) Five months' interest from December 1, 1982 to May 1, 1983.

THE COMPANIES

A brief description of each of the Companies which is a signatory to the 1982 Treatment Agreement with the Village is set forth below.

Monsanto Company

Monsanto Company is a multi-national corporation engaged directly and through subsidiaries in the manufacture and sale of a widely diversified line of products in the following principal business segments: Agricultural Chemicals, which includes herbicides and insecticides; Chemical Intermediates, which includes intermediate chemicals such as styrene and acrylonitrile as well as Monsanto's oil and gas exploration and production activities; Industrial Chemicals, which includes detergent intermediates, phosphate derivatives, specialty and nutrition chemicals, rubber chemicals, plasticizers, and silicon; Plastics & Resins, which includes polystyrene, ABS, SAN and nylon thermoplastics and polyvinyl butyral sheet used in laminated glass; Textiles, which includes nylon and acrylic fibers; and Fisher Controls, which manufactures instrumentation equipment, control valves, and regulators. Monsanto's products are derived principally from petroleum and natural gas, along with other raw materials, and are marketed as raw materials and intermediate products, and also are converted by Monsanto into finished products.

Monsanto Company was incorporated in 1933 under Delaware law and is the successor to a Missouri corporation, Monsanto Chemical Works, organized in 1901. Monsanto Company's principal executive offices are located at 800 North Lindbergh Boulevard, St. Louis, Missouri 63167 and its telephone number is (314) 694-1000.

Monsanto Company is subject to the informational reporting requirements of the Securities Exchange Act of 1934 and will provide without charge to each person to whom this Official Statement is delivered, on the written request of such person, a copy of Monsanto Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1981, and Quarterly Reports on Form 10-Q for the quarters ended March 31, 1982, June 30, 1982 and September 30, 1982, filed pursuant to Section 13 of the Securities Exchange Act of 1934.

Pfizer Inc.

Pfizer Inc. is a worldwide, research-based company with businesses in health care, agriculture, specialty chemicals, materials science and consumer products. Health care is the firm's largest and most profitable business with sales in a broad range of pharmaceuticals and hospital products. Agricultural operations are focused on animal health and nutrition. Specialty chemicals include sales of citric acid, bulk antibiotics, and other fermentation-derived products. Materials science sales include magnetic particles used in manufacturing high quality audio and videotapes. Consumer products include such familiar names as Pacquín, Visine, Ben-Gay, Desitin, Unisom and Coty.

Pfizer Inc. is a Delaware corporation with principal executive offices located at 235 East 42nd Street, New York, New York 10017; its telephone number is (212) 573-2323.

Pfizer Inc. is subject to the informational reporting requirements of the Securities Exchange Act of 1934 and will provide without charge to each person to whom this Official Statement is delivered, on the written request of such person, a copy of Pfizer Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1981, and Quarterly Reports on Form 10-Q for the quarters ended April 4, 1982, July 4, 1982 and October 3, 1982, filed pursuant to Section 13 of the Securities Exchange Act of 1934.

Edwin Cooper, Inc.

Edwin Cooper, Inc. is a wholly owned subsidiary of Ethyl Corporation, a corporation with diversified business interests involving: petroleum and industrial chemicals; plastics; aluminum; and energy-related activities in coal, oil and natural gas. Ethyl Corporation also owns First Colony Life Insurance Company of Lynchburg, Virginia.

Edwin Cooper, Inc. specializes in the research, development and production of chemical additives for incorporation in the products of the oil industry and it is best known for the development and production of lubricants for use in gasoline and diesel engines and transmission systems, as well as for the manufacture of industrial lubricants.

The activities of Edwin Cooper, Inc. in the chemical additives field extend from research in new products through practical application trials and production on an industrial scale. Edwin Cooper, Inc. specializes in products to meet customers' specific requirements. Chemical additives, lubricants and other products manufactured by Edwin Cooper, Inc. are marketed under the trade name "Hitec."

Edwin Cooper, Inc. employs approximately 340 employees including a total of approximately 190 employees in its Sauget, Illinois manufacturing plant: the only production facility owned and operated by Edwin Cooper, Inc. This manufacturing plant, which was acquired in 1971, houses production, shipping, warehousing and administrative facilities on a 23-acre site.

Edwin Cooper, Inc. was incorporated in 1969 under Delaware law and its principal executive offices are located at 1525 South Broadway, St. Louis, Missouri 63104; its telephone number is (314) 421-3930.

As a wholly owned subsidiary of Ethyl Corporation, financial information concerning Edwin Cooper, Inc. is not publicly available. Edwin Cooper, Inc. is not subject to the informational reporting requirements of the Securities Exchange Act of 1934.

No representation is made as to the capability of Edwin Cooper, Inc. to meet the obligations which it has incurred under the 1982 Treatment Agreement. At the time of delivery of the Series 1982 Bonds, Edwin Cooper, Inc. will deliver to the Village an Indemnity Bond under the terms of the 1982 Treatment Agreement as hereinbefore described. (See "1982 TREATMENT AGREEMENT—Indemnity Bonds.")

Cerro Copper Products Co.

Cerro Copper Products Co. produces copper plumbing tube, thin wall industrial copper tube, small diameter copper tube, electrolytic copper cathode and related items which are used primarily by the general construction, appliance and automotive equipment industries. Plumbing tube is sold to plumbing wholesalers from warehouse distribution centers throughout the country and directly from the mills. Copper industrial tube is sold primarily to original equipment manufacturers through Cerro Copper Products Co.'s sales force and manufacturer's representatives. Electrolytic copper cathodes are sold on the open market directly to the ultimate user and through the metals trading operations of Cerro Copper Products Co.'s parent corporation. All products are marketed under the "Cerro" name.

The Company employs approximately 750 employees in two plants. In Sauget, Illinois, the 775,000 square foot plant houses production, shipping, warehousing and administrative facilities on 61.2 acres. The Sauget plant was opened in 1928 by a predecessor corporation. The Shelby, Missouri plant, opened in 1981, is a 124,000 square foot facility on 20 acres.

Cerro Copper Products Co. was incorporated in 1977 under Delaware law and its principal executive offices are located in Sauget, Illinois; its telephone number is (618) 337-6000. The mailing address for Cerro Copper Products Co. is P. O. Box 681, East St. Louis, Illinois 62202.

Cerro Copper Products Co. is a privately held corporation; financial information concerning the company is not publicly available. Cerro Copper Products Co. is not subject to the informational reporting requirements of the Securities Exchange Act of 1934.

No representation is made as to the capability of Cerro Copper Products Co. to meet the obligations which it has incurred under the 1982 Treatment Agreement. At the time of delivery of the Series 1982 Bonds, Cerro Copper Products Co. will deliver to the Village an Indemnity Bond under the terms of the 1982 Treatment Agreement as hereinbefore described. (See "1982 TREATMENT AGREEMENT—Indemnity Bonds.")

THE REGIONAL MUNICIPALITIES

A brief description of the respective sewerage systems of each of the Regional Municipalities which is a signatory to the Regional Agreement with the Village is set forth below.

City of East St. Louis

The City of East St. Louis presently operates a wastewater collection system and a primary treatment facility. The East St. Louis system serves approximately 12,000 sewer connections throughout the City. The number of sewer customers has declined during the past five years from a total of 12,700; however, the customer records from which these statistics are derived may be inaccurate so as to overstate the actual number of customers served.

The existing schedule of sewer service rates establishes a \$6.00 charge per quarter for domestic sewer service and variable rates for commercial and industrial customers.

The East St. Louis sewage collection system consists of approximately 200 miles of sanitary sewers and combined sanitary/storm sewers and 27 pump stations. Wastewater treatment facilities consist of a single plant with an average design flow capacity of 18 million gallons per day. This plant provides primary treatment of domestic and industrial wastewater. Treated wastewater effluent is discharged into the Mississippi River.

Upon completion of the Regional System, the East St. Louis sewage treatment plant will be abandoned; however, the City will continue to operate the collection system.

Included in Appendix C (page C-1) to this Official Statement is a five-year summary of the revenues and expenses as well as the financial position of the sewerage fund of the City of East St. Louis. It should be noted that the sewerage fund has generated insufficient revenues during each of such years to provide for the payment of the principal and interest requirements of and to maintain the debt service reserve and other accounts relating to the outstanding City of East St. Louis Sewerage Improvement and Refunding Revenue Bonds dated April 1, 1965. However, the City of East St. Louis has always paid the principal of and interest on such sewerage revenue bonds promptly when due since the date of issuance thereof.

The Village of Cahokia

The Village of Cahokia presently provides wastewater collection service to approximately 5,200 sewer connections; this represents an increase of approximately 8% in the total number of customers served during the past five years. The Village of Cahokia system covers only a portion of the total population of the Village of Cahokia. The remaining sewered areas in the Village of Cahokia are served by a sewerage collection system operated by the Commonfields of Cahokia Public Water District. Wastewater from the Village of Cahokia collection system flows to a treatment plant operated by Metro-East Sanitary District.

The existing schedule of sewer service rates establishes a \$7.15 charge per month for domestic sewer service and variable rates for commercial and industrial customers based on water consumption.

The Village of Cahokia sewage collection system consists of approximately 9 miles of trunk sewers varying in size from 10 inches to 30 inches in diameter and tributary sewers varying in size from 6 inches to 18 inches. The system also includes 10 pump stations.

Upon completion of the Regional System, the existing treatment plant in the Village of Cahokia, presently operated by the Metro-East Sanitary District, will be abandoned. The Village of Cahokia will continue to operate its wastewater collection system.

Included in Appendix C (page C-2) to this Official Statement is a five-year summary of the revenues and expenses as well as the financial position of the sewerage fund of the Village of Cahokia.

The Commonfields of Cahokia Public Water District

The Commonfields of Cahokia Public Water District presently provides wastewater collection service to approximately 3,323 sewer connections. The number of customers served has remained essentially constant during the past five years. Sewerage flows from the area served by the Water District are routed to either the treatment plant located in the Village of Cahokia operated by the Metro-East Sanitary District or the East St. Louis treatment facility.

The existing schedule of sewer service rates establishes a \$10.00 charge per month for domestic sewer service and variable rates for commercial and industrial customers based on water consumption.

The Commonfields of Cahokia Public Water District sewage collection system consists of approximately 45 miles of sewer lines varying in size from 8 inches to 10 inches in diameter. The collection system also includes three lift stations and 11 pump stations.

Upon completion of the Regional System, the existing treatment plants to which the effluent from the Water District collection system flows will be abandoned. The Water District will continue to operate its collection system.

Included in Appendix C (page C-3) to this Official Statement is a five-year summary of the revenues and expenses as well as the financial position of the sewerage fund of the Commonfields of Cahokia Public Water District.

ENVIRONMENTAL MATTERS

The Village has obtained all permits and approvals presently necessary for the construction and operation of the System, including the Regional System. The Village intends to apply to the USEPA for a National Pollution Discharge Elimination System Permit (NPDES Permit) for the operation of the Regional System as soon as it is eligible to do so. NPDES Permits, by law, cannot be applied for until the treatment facility to which such permit will pertain is substantially completed. The Village is presently not aware of any difficulty or circumstance which will impede its efforts to obtain a NPDES Permit in a timely manner. The Village is not aware of any other Federal or state regulations concerning the construction and operation of the System or the Regional System with which it is presently not in compliance. There is currently no environmental litigation pending or threatened against the Village.

DESCRIPTION OF BOND RATING

Standard & Poor's Corporation has assigned the Series 1982 Bonds a rating of "AA". Such rating reflects only the opinion of Standard & Poor's Corporation and an explanation of the

significance of such rating should be obtained directly from Standard & Poor's Corporation. No assurance can be given that such rating will obtain for any period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Series 1982 Bonds.

The Village has not applied to Moody's Investors Service Inc. for a rating with respect to the Series 1982 Bonds and the Village has never requested that Standard & Poor's Corporation or Moody's Investors Service, Inc. rate the outstanding Series 1974 Bonds.

APPROVAL OF LEGALITY

The legality of the authorization, issuance and sale of the Series 1982 Bonds is subject to the unqualified approving opinion of Chapman and Cutler, Bond Counsel, whose opinion will be available at the time of delivery of the Series 1982 Bonds and will be printed on each Series 1982 Bond.

With respect to the matters pertaining to the Village, the Underwriters will receive the opinion of Harold G. Baker, Jr., Esquire, Counsel to the Village. With respect to certain legal matters pertaining to the Companies, the Village and the Underwriters will receive opinions of each Company's counsel, respectively. Certain matters will be passed upon for the Underwriters by Chapman and Cutler.

TAX EXEMPTION

In the opinion of Chapman and Cutler, Bond Counsel, under existing laws, current rulings and court decisions, interest on the Series 1982 Bonds is excludable from the gross income of the recipients for federal income tax purposes, except for the interest on any Series 1982 Bond held by a "substantial user" of the Regional System or a "related person" as those terms are used in Section 103(b)(13) of the Internal Revenue Code (the "Code"). In concluding that the Regional System constitutes "sewage or solid waste disposal facilities" within the meaning of Section 103(b)(4)(E) of the Code, Bond Counsel will rely, as to engineering facts or conclusions and other matters solely within the Village's knowledge, upon a certificate from Russell & Axon, Engineers—Planners—Architects, Inc. and upon a certificate of an officer of the Village describing the Regional System and its cost.

LIMITATION OF VILLAGE'S LIABILITY

The Series 1982 Bonds do not constitute a debt of the Village and neither the credit nor the taxing powers thereof are pledged as security for such Series 1982 Bonds.

The Series 1982 Bonds are payable solely and only from the Revenues derived from the operation of the System in the manner prescribed in the 1982 Bond Ordinance and certain moneys on deposit in the Accounts of the Sewerage Fund.

UNDERWRITING

The Underwriter, John Nuveen & Co. Incorporated, has agreed, subject to certain conditions, to purchase the Series 1982 Bonds from the Village at an aggregate underwriter's discount of 2.35% from the initial public offering prices set forth on the cover page of this Official Statement and to make a bona fide public offering of the Series 1982 Bonds at not in excess of such public offering prices, plus accrued interest. The Underwriter will be obligated to purchase all such Series 1982 Bonds if any such Series 1982 Bonds are purchased.

The Series 1982 Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers depositing such Series 1982 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

EXHIBITS

Appended hereto as part of this Official Statement are the following exhibits:

Exhibit A—Form of 1982 Treatment Agreement.

Exhibit B—Village of Sauget Sewerage Fund Audit.

Exhibit C—The Regional Municipalities.

LITIGATION

There is no litigation presently pending against the Village, nor to the knowledge of the officials of the Village is there any litigation threatened, which questions or affects the validity of the Series 1982 Bonds or any proceedings or transactions relating to the issuance, sale or delivery thereof.

MISCELLANEOUS

The covenants and agreements of the Village with the holders of the Series 1982 Bonds are fully set forth in the 1982 Bond Ordinance and reference is hereby made to that document for a definitive statement of the rights and obligations of the Bondholders and the Village. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of any of the Series 1982 Bonds. Any statements herein contained involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement have been duly authorized by the Village.

VILLAGE OF SAUGET, ILLINOIS

By _____ /s/ PAUL SAUGET

Paul Sauget
President (Mayor)

Dated: December 30, 1982